A Tale of Two Fashion Nations: Comparative Fashion IP Laws in the United States and China

Jyh-An Lee* & Jingwen Liu**

ABSTRACT

This Article compares intellectual property (IP) protection for fashion designs in the United States and China. As the two largest fashion markets in the world, these countries both have controversies over the optimal IP protection against knockoffs. This study reveals that similar disputes have occurred in both countries because IP laws are not primarily designed for fast-changing fashion products. Although courts in both countries have handled identical legal issues, such as separability in copyright law, distinctiveness in trademark law, and patentability for designs, their approaches are quite different. While the U.S. doctrines, such as functionality in three-dimensional trademarks and trade dress protection for product packaging, are more developed in precedents, the Chinese doctrines, such as copyrightability in garment designs, are sometimes led by industrial policies. Since the Chinese government has been determined to develop its fashion industry, these two major economies will continue to compete to be not only the largest fashion economy around the globe but also the best legal environment to foster fashion creativity. The broader implication of this Article is that IP issues in the fashion industry have demonstrated how two distinct legal frameworks, characterized by comparable regulations yet varying social and economic standings, address analogous legal challenges.

* Professor and Executive Director, Centre for Legal Innovation and Digital Society (CLINDS), The Chinese University of Hong Kong Faculty of Law.

** PhD Candidate, The Chinese University of Hong Kong Faculty of Law.

Part of the paper was presented in the Fashion & Intellectual Property Scholars Roundtable held by the National University of Singapore Faculty of Law and the 15th Annual Intellectual Property Conference – Navigating Innovation and IP Amid Global Turbulence held by the Chinese University of Hong Kong Faculty of Law. We thank helpful comments from Robert Burrell, Albert Wai-Kit Chan, Danny Friedmann, Jeanne Fromer, Grace Ip, David Tan, Xue Wen, Hongjun Yao, and Peter Yu. We are grateful to the editors of the *Columbia Journal of Law & the Arts* for their extraordinary editorial support. This study was supported by a grant from the Research Grants Council in Hong Kong (Project No.: CUHK 14608723).

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INTRODUCTION

The United States and China are the two largest markets in the world for the fashion industry, with continuous growth after the COVID-19 pandemic.[1] The United States has led the global fashion market in terms of sales, value, job opportunities, market size, and the number of designers.[2] Despite the recent drop in the worldwide fashion market, China still makes the largest contribution to the industry's revenue globally.[3] The expansion of the Chinese fashion market is principally because of the rising income of the middle class and its consequent growing brand consciousness, as well as buying power.[4] Unsurprisingly, many Western fashion companies have invested significantly in the Chinese market.[5] Luxury brands have opened or refurbished stores

1. *See, e.g.*, IMRAN AMED ET AL., MCKINSEY & CO.,THE STATE OF FASHION 2023: HOLDING ONTO GROWTH AS GLOBAL CLOUDS GATHER (2022), https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion [https://perma.cc/W7PJ-YLHT] [https://web.archive.org/web/20231018173434/https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion]; *Navigating the Winds of Change: China's Fashion Industry Experiences Unprecedented Growth*, DAXUE CONSULTING (May 10, 2023), https://daxueconsulting.com/fashion-industry-in-china/ [https://perma.cc/27MG-CDXM] [https://web.archive.org/web/20231018173540/https://daxueconsulting.com/fashion-industry-in-china/]; *see also* Halley Herbst, Note, *The Price of Fashion: The Environmental Cost of the Textile Industry in China*, 45 FORDHAM INT'L L.J. 907, 907 (2022) ("China plays a prominent role in the fashion industry as a leading exporter and importer of textiles."); Loren E. Mulraine, *From Adidas To Zenga: A Historical and Comparative Analysis of International Intellectual Property Law in Fashion*, 48 AIPLA Q.J. 281, 323 (2020) ("China's fashion industry 'has now overtaken the European Union and the United States as the world's largest fashion retail market.'"); THE BUS. OF FASHION & MCKINSEY & CO., THE STATE OF FASHION 2023, at 33 (2023) [hereinafter MCKINSEY & CO.], https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2023/the-state-of-fashion-2023-holding-onto-growth-as-global-clouds-gathers-vf.pdf [https://perma.cc/FG2X-25JT] [https://web.archive.org/web/20231018173627/https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2023/the-state-of-fashion-2023-holding-onto-growth-as-global-clouds-gathers-vf.pdf] ("[T]he US has also reclaimed its spot as the largest market for luxury goods in the world in 2022, even if the country will likely concede this position to China again in the near term.").

2. *See, e.g.*, Sky Ariella, *28 Dazzling Fashion Industry Statistics [2023]: How Much Is the Fashion Industry Worth*, ZIPPIA (June 15, 2023), https://www.zippia.com/advice/fashion-industry-statistics/ [https://perma.cc/AW5V-N5M3] [https://web.archive.org/web/20231018173734/https://www.zippia.com/advice/fashion-industry-statistics/].

3. *See* DAXUE CONSULTING, *supra* note 1; *see also* MCKINSEY & CO., *supra* note 1, at 32 ("Even during the pandemic in 2020, China accounted for 25 percent of global apparel and footwear sales, ahead of the US and Western Europe with 20 percent and 22 percent respectively.").

4. *See* DAXUE CONSULTING, *supra* note 1; *see also* Jyh-An Lee & Lili Yang, *Viagra Did Not Work, but Michael Jordan Still Made It: Trademark Policy Toward the Translation of Foreign Marks in China*, 20 DUKE L. & TECH. REV. 36, 38 (2022) ("MNEs' interest in entering the Chinese market has increased significantly in recent years because of the country's economic reforms, which enable increasingly more local consumers to buy expensive foreign products of higher quality."); MCKINSEY & CO., *supra* note 1, at 43 ("In a recent survey, 26 percent of higher-income consumers in China—which is among the countries where economic growth is slowing—said they increased their fashion shopping budgets in the first half of 2022 compared to the same period in 2021, citing a desire to 'look and feel good.'").

5. MCKINSEY & CO., *supra* note 1, at 32.

in different shopping hubs, such as Chengdu, Hainan, Shanghai, and Wuhan.[6] Therefore, industry experts have predicted extraordinary profit opportunities from the Chinese fashion market.[7]

Due to the fashion industry's fast pace, short product life, and ever-changing trends,[8] creativity is at the heart of the industry.[9] Therefore, scholars have argued that intellectual property (IP) is essential for fueling the essential tinder—creativity—in the fashion industry.[10] Unsurprisingly, IP protection has been the main concern for multinational fashion companies operating in the two largest markets in the world. On the one hand, as a global leader in the fashion industry, the United States has not developed a consensus on the optimal protection for fashion creativity. On the other, although China has become one of the top markets for fashion products, it has also remained the largest producer of counterfeit goods.[11] Therefore, the extent to which fashion designs can be protected by IP laws in China concerns not only the country's attraction to international fashion brands but also its leading role in the global fashion industry.

Both the United States and China have been struggling to establish optimal IP policies for the fashion industry, especially those relevant to knockoffs. Some United States-based cheap-chic chain stores, such as H&M and Forever 21, have been accused of free riding on high-end designs and selling cheap, "brazenly close 'interpretations'"

6. *Id.* at 33.

7. *See, e.g.*, *Id.* ("China's long-term growth projections remain robust . . . . China will likely remain a core market for fashion consumption in the long term, with significant untapped opportunities among a customer base whose sentiment for luxury brands in particular is holding strong.").

8. *See, e.g.*, Violet Atkinson et al., *Comparative Study of Fashion and IP: Copyright and Designs in France, Europe and Australia*, 11 J. INTELL. PROP. L. & PRAC. 516, 528 (2016); Paige Holton, *Intellectual Property Laws for Fashion Designers Need No Embellishments: They Are Already in Style*, 39 J. CORP. L. 415, 418 (2014); Ronald Urbach & Jennifer Soussa, *Is the Design Piracy Protection Act a Step Forward for Copyright Law or Is It Destined To Fall Apart at the Seams?*, CORP. COUNS. BUS. J. (July 1, 2008), https://ccbjournal.com/articles/design-piracy-protection-act-step-forward-copyright-law-or-it-destined-fall-apart-sea#:~:text=Conclusion%3A%20The%20DPPA%20Is%20Fashion%20Forward&text=If%20one%20of%20the%20major,blatantly%20copy%20the%20designer%27s%20work. [https://perma.cc/8X9K-7FYT] [https://web.archive.org/web/20231115160110/https://ccbjournal.com/articles/design-piracy-protection-act-step-forward-copyright-law-or-it-destined-fall-apart-sea].

9. Pammi Sinha, *Creativity in Fashion*, 2 J. TEXTILE & APPAREL, TECH. & MGMT, Fall 2002, at 1, 2–3 ("Creativity is a form of problem solving and fashion design is a problem.").

10. *See, e.g.*, Naman Priyadarshi, *Intellectual Property Rights: Crucial for Fashion Industry*, 4 INT'L J.L. MGMT. & HUMANITIES 1545, 1545–46 (2021); Kaitlyn N. Pytlak, *The Devil Wears Fraud-a: An Aristotelian-Randian Approach To Intellectual Property Law in the Fashion Industry*, 15 VA. SPORTS & ENT. L.J. 273 (2016); *see also* Cassandra Elrod, *The Domino Effect: How Inadequate Intellectual Property Rights in the Fashion Industry Affect Global Sustainability*, 24 IND. J. GLOB. LEGAL STUD. 575, 593 (2017) ("[J]ust because the fashion industry remains innovative and successful despite a lack of intellectual property protection does not automatically undermine the need to protect this industry."); C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1150 (2009) ("In the legal realm, this social dynamic of innovation and continuity is most directly engaged by the law of intellectual property.").

11. *See, e.g.*, Angela Terese Timpone, Note, *The True Price for Your Fake Gucci Bag Is a Life: Why Eliminating Unsafe Labor Practices Is the Right Answer To the Fashion Counterfeit Problem*, 15 CARDOZO PUB. L., POL'Y, & ETHICS J. 351, 371 (2017).

of others' latest fashion products.[12] The fashion industry has actively lobbied for the Design Piracy Prohibition Act and other legislation to strengthen legal protection for fashion designs.[13] Since the late 2010s, China has endeavored to improve its long-criticized lax IP system and moved aggressively from an imitation economy to an innovation economy.[14] Therefore, it has become easier for multinational fashion brands to enforce their IP in the country; nevertheless, the challenges they face are different from those faced two decades ago. While international brand owners have successfully claimed trademark infringement against makers of "AMANI"[15] or "Baneberry" garments,[16] they have complained about cheap knockoffs that merely copy their iconic design features, such as Gucci's green-red-green stripes or Burberry's famous check pattern. Fashion designers assert that these knockoffs inappropriately free ride on their creativity, and Chinese courts have heard numerous IP infringement cases pertaining to such knockoffs.

Following the introductory part of this study, Part II presents two major types of imitations in the fashion industry—counterfeits and knockoffs. While counterfeits and knockoffs may trigger IP infringement concerns, it is more challenging for fashion designers to claim infringement against the latter. This is why design houses have been concerned about knockoffs in both the United States and China. Part III then compares brand owners' different approaches under American law and Chinese law to claim copyright, trademark, design patent, and unfair competition against imitators. Although knockoffs have been controversial in the fashion industries and IP communities in both countries, the United States and China have taken different approaches toward these controversies. Part IV concludes that there are limitations in the IP laws in both the United States and China when it comes to protecting fashion designs. While U.S. law provides fashion designers with more certainty, Chinese law

12. *See, e.g.*, Erika Myers, *Justice in Fashion. Cheap Chic and the Intellectual Property Equilibrium in the United Kingdom and the United States*, 37 AIPLA Q.J. 47, 66–67 (2009).

13. *See, e.g.*, KAL RAUSTIALA & CHRISTOPHER SPRIGMAN, THE KNOCKOFF ECONOMY: HOW IMITATIONS SPARKS INNOVATION 34–36 (2012); Jessica Rosen, *The Inability of Intellectual Property To Protect the New Fashion Designer: Why the ID3PA Should Be Adopted*, 43 GOLDEN GATE U.L. REV. 327, 330–32 (2013).

14. *See generally* Guojia Chuangxin Qudong Fazhan Gangyao (国家创新驱动发展战略纲要) [Outline of the National Innovation-Driven Development Strategy] (May 19, 2016) (China), *translated in Outline of the National Innovation-Driven Development Strategy*, CTR. FOR SEC. & EMERGING TECH. (Dec. 11, 2019), https://cset.georgetown.edu/publication/outline-of-the-national-innovation-driven-development-strategy/ [https://perma.cc/BES9-RWVP] [https://web.archive.org/web/20231018173849/https://cset.georgetown.edu/publication/outline-of-the-national-innovation-driven-development-strategy/]; *see also* Jyh-An Lee, *Shifting IP Battlefields in the U.S.-China Trade War*, 43 COLUM. J.L. & ARTS 147, 182–84 (2020) (illustrating the transformation of the Chinese government's role from inactive IP law enforcer to active facilitator of access to and acquisition of foreign technologies).

15. Qiaozhi Amani Youxian Gongsi Su Guangzhou Lideng Biaoye Youxian Gongsi Deng (乔治·阿玛尼有限公司诉广州利登表业有限公司等) [Giorgio Armani S.P.A. v. Guangzhou Lideng Timepiece Co., Ltd. et al.], CHINA JUDGMENTS ONLINE (Guangzhou Baiyun District People's Ct. 2022) (China).

16. Boboli Youxian Gongsi Su Xinboli Shangmao Youxian Gongsi Deng (博柏利有限公司诉新帛利商贸有限公司等) [Burberry Limited v. Baneberry Trading Co. Ltd. et al.], CHINA JUDGMENTS ONLINE (Jiangsu Suzhou Interm. People's Ct. 2020) (China) [hereinafter Baneberry].

has increasingly strengthened its protection for fashion designs through enforcing the Anti-Unfair Competition Law (AUCL) and broadening the scope of non-traditional trademarks. We expect that these two major economies will continue to compete to be not only the largest fashion economy but also the best legal environment to foster fashion creativity.

I. FASHION IMITATION ASSOCIATED WITH IP INFRINGEMENT

IP owners in the fashion industry commonly claim infringement against imitators for two types of imitation: imitation or copying of a brand's name or trademarks (counterfeits) and imitation or copying of a brand's designs (knockoffs).[17] Although sometimes used interchangeably, the terms "counterfeit" and "knockoff" are conceptually different in the IP literature.[18] Brand names and logos can undisputedly be protected as trademarks, whereas specific design patterns cannot be easily protected by IP law. Multinational fashion companies used to be troubled by widespread counterfeits in China, but the major challenge for them currently is how to curtail knockoffs of their design elements.

A. COUNTERFEITS

By definition, a counterfeit product refers to a pirated product bearing the originator's trademark with the obvious intention to imitate and deceive.[19] Therefore, counterfeits inevitably involve trademark infringement (and passing off in common law jurisdictions).[20]

Although a counterfeit is not necessarily a 1:1 replica of the genuine product, the variance from the original is barely discernible by amateur consumers.[21] An "Amani" t-

17. Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1692 (2006) ("Our focus is the copying of apparel designs, not brand names."); *Id.* at 1692 n.7 ("It is also important to distinguish textile designs from apparel designs, though there is sometimes overlap.").

18. Marra M. Clay, *Copycat Cosmetics: The Beauty Industry and the Bounds of the American Intellectual Property System*, 106 MINN. L. REV. 425, 436 (2021); Kenneth L. Port, *A Case Against the ACTA*, 33 CARDOZO L. REV. 1131, 1141 (2012).

19. Port, *supra* note 18, at 1141–42; Clay, *supra* note 18, at 436–37; Julio O. De Castro et al., *Can Entrepreneurial Firms Benefit from Product Piracy?*, 28 J. BUS. VENTURING 75, 78 (2008).

20. Port, *supra* note 18, at 1141–42; Clay, *supra* note 18, at 436–37.

21. Some Chinese practitioners adopt a different set of definitions of the concepts, which sees counterfeits as 1:1 replicas (假冒), whereas knockoffs are slightly twisted versions of the originals (仿冒). *See, e.g.*, Tie Liu & Zemin Deng (刘铁、邓泽敏), *Anti-Counterfeit Strategy against Counterfeits, Knockoffs and Other Illegal Practices* (*假冒、仿冒及相关违法行为的认定及打假对策*), 1 J. APPLIANCE SCI. & TECH. (家电科技) 48, 48 (2011) (stating that counterfeits refer to copying of trademarks, while knockoffs refer to free riding on others' reputation through misappropriating their product name, packaging or decoration). *But see* Danli Chen & Jianjun Yang (陈丹丽、杨建军), *The Determination of Counterfeits in the Market* (*如何认定市场假冒与仿冒行为*), 14 J. XIDIAN U. (SOC. SCI. EDITION) (西安电子科技大学学报(社会科学版)) 33 (2004) (recognizing the use without authorization of both identical and similar marks on identical or similar goods as counterfeits). In this Article, we adopt the broader set of definitions in line with the relevant literature.

shirt or "Baneberry" trench coat with slightly different designs from the originals could be an Armani or Burberry counterfeit. Sometimes, imitators even register trademarks for their counterfeit designs or logos. For example, the defendant in *Burberry Limited v. Baneberry Trading Co.* managed to register the "Baneberry" trademark in China in multiple classes.[22] Amusing as it may seem at first glance, there is actually a fair chance of consumer confusion when such counterfeiting techniques are combined with other imitative tactics (e.g., displaying the counterfeits in a physical or online store with a layout that is also confusingly similar to that of the original brand).[23] Although consumers are aware that they are buying counterfeits, initial interest confusion prior to the sale exists when they are attracted to the products. In these cases, although the counterfeit trademark is not identical to the originator's mark, an infringement still exists, given the substantial similarity between the marks and the free-riding intention of the imitator.[24] This type of clumsy imitation accounted for a great proportion of fashion IP infringement in China in the 2000s.

Owners' enforcement options against blatant counterfeits are straightforward. As long as the original brand owner has secured valid trademark registration for the brand name or logo, it will have a fair chance of success in civil proceedings.[25] This is why fashion companies are always willing to invest heavily in enforcing their trademarks against counterfeits.[26] In the *Baneberry* case mentioned above, Burberry successfully obtained a preliminary injunction enjoining the copyist from selling and marketing the counterfeited garment in a manner that was found to be confusing and deceptive.[27] When the value of counterfeited goods meets the criminal threshold, the manufacturer could even be held criminally liable.[28] The brand owner can also resort to

22. *See* Baneberry, *supra* note 16.

23. *See, e.g.*, *id.* at 24 (ruling that the alleged infringement was a "multi-dimensional imitation" of the Burberry brand, which will inevitably degrade, dilute, and damage the distinctiveness, recognizability, and reputation of Burberry).

24. *Id.*

25. Shangbiao Fa (商标法) [Trademark Law] art. 60 (China) [hereinafter Trademark Law 2019] ("Where any party has committed any of such acts to infringe the exclusive right to use a registered trademark . . . where they are reluctant to resolve the matter through consultation or the consultation fails, the trademark registrant or interested party may institute legal proceedings in the People's Court or request the administrative authority for industry and commerce for actions.").

26. *See, e.g.*, RAUSTIALA & SPRIGMAN, *supra* note 13, at 29.

27. Baneberry, *supra* note 16.

28. Xing Fa (刑法) [Criminal Law] art. 213 (China), *translated in Criminal Law of the People's Republic of China*, NAT'L PEOPLE'S CONG., http://www.npc.gov.cn/zgrdw/englishnpc/Law/2007-12/13/content_1384075.htm [https://perma.cc/HL52-KDQC] [https://web.archive.org/web/20231202233447/http://www.npc.gov.cn/zgrdw/englishnpc/Law/2007-12/13/content_1384075.htm] ("Whoever, without permission from the owner of a registered trademark, uses a trademark which is identical with the registered trademark on the same kind of commodities shall, if the circumstances are serious, be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined; if the circumstances are especially serious, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined.").

administrative remedies, such as filing complaints with the local administration for market supervision or seeking assistance from customs.[29]

B. KNOCKOFFS

A knockoff is usually labeled with the imitator's trademark, which is sometimes completely unrelated to the originator's brand.[30] The product's resemblance to the original comes solely from the imitation of style and design features. There is only a thin line between licit and illicit knockoffs because it is challenging to discern whether a subsequent design is plagiarizing a prior work or simply drawing inspiration from it.[31] Fast fashion brands, such as H&M and Forever 21, are frequently accused of knocking off pioneer designers.[32]

One key feature that distinguishes knockoffs from counterfeits is that knockoffs do not aim to create consumer confusion.[33] Even a layman consumer can easily discern that a bomber jacket she is purchasing from Forever 21, although it has similar design features or confusing elements, such as green and red stripes, is not actually a Gucci product. It can be distinguished based on the texture, material, price, other design features, and, most obviously, the "Forever 21" label. If consumer confusion is eliminated, claims based on trademark infringement are less likely to succeed.[34]

29. Trademark Law 2019, *supra* note 25, art. 60.

30. Clay, *supra* note 18, at 437. Fashion companies may integrate their trademarks in the designs and claim trademark infringement against knockoff producers. Burberry's distinctive plaid trademark is a notable example. However, this category of goods is rare in the fashion market. *See* RAUSTIALA & SPRIGMAN, *supra* note 13, at 29.

31. Barton Beebe, *Shanzhai, Sumptuary Law, and Intellectual Property Law in Contemporary China*, 47 U.C. DAVIS L. REV. 849, 852 (2014) (explaining that "shanzhai" is sometimes licit but usually illicit).

32. *See, e.g.*, Forever 21, Inc. v. Gucci Am., Inc., No. CV 17-04706 SJO (Ex), 2018 U.S. Dist. LEXIS 238201 (C.D. Cal. Feb. 9, 2018). Forever 21 filed a suit against Gucci to seek a declaratory judgment that its use of the green-red-green stripes on clothing does not infringe Gucci's trademark. *Id.* The case was settled outside the court before a substantive ruling could be made. *See also* Anna Sui Corp. v. Forever 21, Inc., No. 07 Civ. 3235 (TPG), 2008 U.S. Dist. LEXIS 73457 (S.D.N.Y. Sept. 24, 2008); Irene Tan, Note, *Knock It Off, Forever 21! The Fashion Industry's Battle Against Design Piracy*, 18 J.L. & POL'Y 893, 913–21 (2010); *The Many (Law)suits of Forever 21*, TFR NEWS (Oct. 2, 2019), https://tfr.news/articles/2019/10/2/the-many-lawsuits-of-forever-21 [https://perma.cc/7FJ8-6A94] [https://web.archive.org/web/20231010012753/https://tfr.news/articles/2019/10/2/the-many-lawsuits-of-forever-21]; Alanna Petroff, *Converse Sues Wal-Mart, H&M Over Copycat Sneakers*, CNN BUS. (Oct. 16, 2014), https://money.cnn.com/2014/10/15/news/companies/converse-lawsuit-shoes/index.html [https://perma.cc/2HLK-2TAH] [https://web.archive.org/web/20231115181531/https://money.cnn.com/2014/10/15/news/companies/converse-lawsuit-shoes/index.html]. Most of the disputes above were settled outside the court.

33. Port, *supra* note 18, at 1141 ("When no consumer confusion is likely, the appropriate label is *knockoff*."). However, post-sale confusion is likely to exist. In other words, it may create confusion to third-party observers who might actually believe the pirated product is from the original brand owner. *See, e.g.*, Kal Raustiala & Christopher Jon Sprigman, *Rethinking Post-Sale Confusion*, 108 TRADEMARK REP. 881, 883–84 (2018).

34. Clay, *supra* note 18, at 437 ("Under this definition, knockoffs are not illegal unless a brand can prove that a knockoff is so close to the original product that the consumer is misled into believing they are

Therefore, legal actions against the producers of such knockoffs are generally more limited and more challenging than those against the producers of counterfeits.[35]

Unsurprisingly, in recent years, knockoffs have become a major form of fashion imitation and a major challenge for fashion companies. Knockoffs are popular because of the fast-changing nature of the industry, consumer preference for trendy products, speedy information transmission enabled by digital technologies, and retailers' price differentiation strategies.[36] As Part III shows, the increasing number of lawsuits concerning fashion knockoffs has become a new challenge not only to judiciaries but also to policymakers aiming to improve the investment environment and IP protection.

II. IP ISSUES CONCERNING FASHION KNOCKOFFS

Fashion companies have sought to protect their design elements through different categories of IP. By systematically studying American and Chinese court decisions, this part illustrates how they deploy IP, such as copyright, trademarks, design patents, and unfair competition law, to protect those elements, as well as the limitations of each approach.

A. COPYRIGHT

Although some commentators have argued that, among all categories of IP, copyright is the most practical form of protection for fashion designs,[37] copyright sometimes functions in a limited way. The main challenge for fashion designers to claim copyright over their design elements is that most jurisdictions require the separability of copyrighted works and the underlying product's functions. In other words, because the products' aesthetic value is sometimes built on their utilitarian function, it is occasionally disputed whether fashion products, such as clothing, shoes, and handbags, are subject to copyright protection.[38] Nevertheless, the separability test

purchasing the original."); *see also* RAUSTIALA & SPRIGMAN, *supra* note 13, at 5 ("[I]t is illegal to copy Gucci or Marc Jacobs . . . [b]ut the underlying clothes design can be copied at will.").

35. Notably, such disputes and accusations of design copying even occurs between two high fashion houses, or between two fast fashion brands. *See, e.g.*, Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F 3d 206 (2d Cir. 2012); Plaintiff's Complaint for Copyright Infringement, Trade Dress Infringement, and Unfair Competition, H&M Hennes & Mauritz AB v. Forever 21, Inc. (S.D.N.Y. 2015) (No. 1:15-cv-05678).

36. Elizabeth Ferrill & Tina Tanhehco, *Protecting the Material World: The Role of Design Patents in the Fashion Industry*, 12 N.C. J.L. & TECH. 251, 264–68 (2011).

37. *See, e.g.*, Brittany West, *A New Look for the Fashion Industry: Redesigning Copyright Law with the Innovative Design Protection and Piracy Protection Act (IDPPPA)*, 5 J. BUS., ENTREPRENEURSHIP, & L. 57, 64, 74 (2011).

38. *See, e.g.*, Galiano v. Harrah's Operating Co., 416 F.3d 411, 422 (5th Cir. 2005); Raustiala & Sprigman, *supra* note 17, at 1699; *see also* Shanghai Lukun Fushi Youxian Gongsi Su Shanghai Rongmei Pinpai Guanli Youxian Gongsi Deng (上海陆坤服饰有限公司诉上海戎美品牌管理有限公司等) [Shanghai Lukun Clothing Co., Ltd. v. Shanghai Rongmei Brand Management Co., Ltd. et al.], CHINA JUDGMENTS

only restrains copyright for three-dimensional (3D) articles; therefore, two-dimensional (2D) fashion sketches, design features, and textile patterns printed on a fashion item are not considered "useful."[39]

In 2022, an Australian court refused to recognize the Neoprene tote bag as a work of artistic craftsmanship.[40] The court ruled that the subject design was undoubtedly constrained by functional considerations because the designer intended to design a stylish "carry-all" bag from the beginning. Therefore, the function of the bag to "carry all" governed its overall design.[41] Nevertheless, fashion design companies sometimes overcome this separability threshold by proving that the design goes beyond the function. For example, the Regional Court of Cologne in Germany, applying the framework of the Court of Justice of the European Union (CJEU), held that, under the category of "applied art," a sandal design "went beyond mere functional elements and was not exclusively determined by technical considerations."[42] However, this decision was criticized by some commentators as improperly blurring the boundaries between copyright and design systems in the European Union (EU).[43]

1. The Separability Test in the United States

In the United States, applied art is only protected when it passes the "separability test"—that is, when "its design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."[44] Such a distinction between artistic and utilitarian values is intrinsic in the legislative intent of IP laws: While copyright law reigns over expression, utility patent law protects functionality.[45] Historically, the Copyright Act of 1909 constrained copyright protection to "works of art,"[46] a term explicitly limited by the Copyright Office to "fine arts," excluding industrial arts, even if "artistically made or ornamented."[47] In 1960, the Copyright Office introduced the separability test in a

ONLINE (Shanghai Intell. Prop. People's Ct. 2018) (China) [hereinafter Shanghai Lukun]; Brandon Scruggs, *Should Fashion Design Be Copyrightable?*, 6 NW. U.J. TECH. & INTELL. PROP. 122, 123–24 (2007).

39. RAUSTIALA & SPRIGMAN, *supra* note 13, at 27–28; Raustiala & Sprigman, *supra* note 17, at 1692.

40. *State of Escape Accessories Pty Ltd. v Schwartz* [2022] FCAFC 63 (Austl.).

41. *Id.*

42. Landgericht Kol̈n [Regional Court of Cologne] Mar. 3, 2022, 14 O 3 66/21, openJur (Ger.). For detailed discussion of the case, see The Bird & Bird IP Team, *Round-up of Fashion-Related IP Decisions in 2022*, J. INTELL. PROP. L. & PRAC. 199, 202–03 (2023).

43. *Id.*

44. Jane C. Ginsburg, *"Courts Have Twisted Themselves into Knots": US Copyright Protection for Applied Art*, 40 COLUM. J. L. & ARTS 1, 1 (2016) (quoting 17 U.S.C. § 101 (1976)).

45. *See* Christopher Buccafusco, *A Theory of Copyright Authorship*, 102 VA. L. REV. 1229 (2016); Jeanne C. Fromer, *A Psychology of Intellectual Property*, 104 NW. U.L. REV. 1441 (2010).

46. Copyright Act of 1909, Pub. L. No. 60-349, § 5(g), 35 Stat. 1075, 1077 (1909) (prior to repeal by 1976 Act).

47. U.S. COPYRIGHT OFF., RULES AND REGULATIONS FOR THE REGISTRATION OF CLAIMS TO COPYRIGHT 8 (1910).

proposed legislation to provide sui generis protection for artworks in useful articles.[48] Despite the Senate's endorsement of such a system, the House of Representatives rejected the proposed sui generis protection, opting instead to amend the statutory definition of "pictorial, graphic, and sculptural works" to encompass useful articles.[49] As a result, the Copyright Act of 1976 incorporates the separability test to delineate between protectable applied art and unprotectable industrial designs.[50]

By their very nature, fashion designs are expressive, but many of them simultaneously serve certain functions.[51] These functional designs are viewed as useful articles, which are not subject to copyright protection.[52] Therefore, the key to copyright protection is whether a design feature's expressive aspects can be separated and exist independently from the utilitarian purposes the object serves. Historically, U.S. courts have recognized the separability (and thus copyrightability) of the ornamental features of belt buckles.[53] However, courts have different viewpoints regarding the separability of fashion designs and their functions. Some courts denied protection for the design features of a casino uniform[54] and ornaments of a prom dress[55] as a result of inadequate separability from their functions. Conversely, in *Varsity Brands, Inc. v. Star Athletica, LLC*,[56] the Sixth Circuit held that the design features of a cheerleading uniform, such as stripes, chevrons, zigzags, and color-blocking, are "wholly unnecessary" and separable from the uniform's ability to cover the body, permit free movement, and wick moisture.[57] In contrast to prior rulings that denied copyright protection for "functional clothes" like casino uniforms and prom dresses, this decision, later affirmed by the Supreme Court,[58] has extended protection to fashion designs.[59]

48. *See* 37 C.F.R. § 202.10(c) (1960) ("If the sole intrinsic function of an article is its utility, the fact that that article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.").

49. For a detailed discussion, see Ginsburg, *supra* note 44, at 5–11.

50. H.R. REP. NO. 94-1733, at 82 (1976) (Conf. Rep.).

51. Christopher Buccafusco & Jeanne C. Fromer, *Fashion's Function in Intellectual Property Law*, 93 NOTRE DAME L. REV. 51, 68 (2017).

52. *See, e.g.*, RAUSTIALA & SPRIGMAN, *supra* note 13, at 27.

53. *See, e.g.*, Kieselstein-Cord v. Accessories by Pearl, Inc., 632 F.2d 989, 993 (2d Cir. 1980).

54. Galiano v. Harrah's Operating Co., 416 F.3d 411, 412 (5th Cir. 2005).

55. Jovani Fashion, Ltd. v. Cinderella Divine, Inc., 808 F. Supp. 2d 542, 549 (S.D.N.Y. 2011); Jovani Fashion, Ltd. v. Fiesta Fashions, 500 F. App'x 42, 44 (2d Cir. 2012).

56. Varsity Brands, Inc. v. Star Athletica, LLC, 799 F.3d 468 (6th Cir. 2015).

57. *Id.* at 492.

58. Star Athletica, L.L.C. v. Varsity Brands, Inc., 580 U.S. 405 (2017).

59. *See* Lili Levi, *The New Separability*, 20 VAND. J. ENT. & TECH. L. 709, 713 (2018) ("Although it need not be read this way, the *Star Athletica* approach will likely lead to extensive overprotection of useful works through strategic deployment of copyright in incorporated expressive designs."); David E. Shipley, *All for Copyright Stand Up and Holler! Three Cheers for* Star Athletica *and the U.S. Supreme Court's Perceived and Imagined Separately Test*, 36 CARDOZO ARTS & ENT. L.J. 149, 150 (2018) ("The *Star Athletica* decision is predicted to be a boon to the fashion and apparel industry, furniture designers . . . . [I]t could result in an increase in the number of useful articles with artistic features which can be conceptually separated from the article's utilitarian features and protected by copyright.").

Nevertheless, the definitions of "useful articles" and "functionality" remain contentious.[60] Some scholars argue that a cheerleading uniform should be classified as a regular graphic work rather than a useful article, thus rendering the separability test irrelevant in this case.[61] Others question the Court's interpretation of "functionality," contending that a design feature should be deemed "functional" not solely for its mechanical and technological functionality but also for its functions to, for example, enhance the wearer's appearance by making them look taller, slimmer, or curvier.[62]

2. The Separability Test in China

Chinese copyright law does not specifically recognize "applied art" as a distinct copyrightable subject matter.[63] However, being a signatory to the Berne Convention for the Protection of Literary and Artistic Works, China is obligated to afford protection to works falling under this category.[64] In 2014, China attempted to address this obligation through a draft amendment to the Copyright Law, which proposed the addition of an applied art category. However, this addition was ultimately excluded from the final version promulgated by the National People's Congress in 2020.[65] Despite the exclusion, in 2018, the Beijing High Court released a guiding document that incorporated the concept of applied art and the separability test.[66] However, since the document is not a binding law in China,[67] applied art continues to be protected under the broad category of "works of art," with individual courts evaluating and expounding

60. In fact, the panels themselves in *Varsity Brands* did not reach an agreement on these issues. Justice McKeague dissented with the Sixth Circuit's approach in defining functionality, saying that the particular uniform also served the function to "identify the wearer as a cheerleader," to which the claimed features were essential. *Varsity Brands, Inc.*, 799 F.3d at 494–97 (McKeague, J., dissenting). Justice Breyer, joined by Justice Kennedy, dissented in the Supreme Court's decision, and viewed the majority's test as a deviation from Congress's unwillingness to expand copyright to cover industrial designs. *Star Athletica, L.L.C.*, 580 U.S. at 448 (Breyer, J., dissenting).

61. Ginsburg, *supra* note 44, at 22.

62. *See* Buccafusco & Fromer, *supra* note 51, at 70; Christopher Buccafusco & Jeanne C. Fromer, *Forgetting Functionality*, 166 U. PA. L. REV. ONLINE 119, 119 (2017); Mark P. McKenna, *Knowing Separability When We See It*, 166 U. PA. L. REV. ONLINE 127, 132 (2017).

63. *See* Zhuzuo Quan Fa (著作权法) [Copyright Law] (promulgated by the Standing Comm. Nat'l People's Cong., Nov. 11, 2020, effective 1 June 2021), art. 3 (China) [hereinafter Copyright Law 2020].

64. Article 2 of the Berne Convention lists "[w]orks of applied art and industrial designs" as a protectable subject matter. *See* Berne Convention for the Protection of Literary and Artistic Works art. 2, Sept. 9, 1886, as revised at Paris on July 24, 1971 and amended in 1979, S. Treaty Doc. No. 99-27 (1986). The 1979 amended version does not appear in the United Nations Treaty Series or International Legal Materials.

65. *See* Xiaoqing Feng (冯晓青) & Jicun Fu (付继存), *The Separability of Applied Art Under the Copyright Law (实用艺术品在著作权法上的独立性)*, 2 CHINESE J.L. (法学研究) 136, 137 (2018).

66. Qinhai Zhuzuoquan Anjian Shenli Zhinan (侵害著作权案件审理指南) [Guidance on the Determination of Copyright Infringement Cases] (promulgated by the Beijing High People's Ct., Apr. 2018), art. 2.6 (China).

67. Jia Wang, *Reconceptualizing the Interface of Copyright and Design Rights for 3D Printing*, 17 J. INTELL. PROP. L. & PRAC. 1011, 1019 (2022).

on the separability of functionality and aesthetic elements in each case.[68] Similar to the situation in the United States, this approach has led to inconsistency among court decisions.

While not explicitly outlined in the statues, the standard of separability in China does not differ significantly from that in the United States. As demonstrated by several prior decisions, applied art must meet two criteria to be protected in China: First, its artistic expression must be physically or conceptually separable from the underlying functional considerations, and, second, the separable artistic expression must exhibit a certain degree of originality.[69]

In *Yunchuang Design (Shenzhen) Group Co. v. Chongqing Kashilan Clothing Co.*, the plaintiff claimed that the defendant infringed its copyright over its polka-dot dress design with a V-collar, waistband, French cuff, and skirt with lace trim.[70] The Chongqing court held that the contour of the dress, together with the black-and-white polka dots, reflected the designer's personal choice and special arrangement; thus, the plaintiff's design of the dress was copyrightable.[71] The court explained that if the contour or polka dots were revised or removed, the function of the piece of clothing would be unaffected.[72] Therefore, the artistic value of the dress could be separated from its utilitarian functions.[73]

At around the same time, the Guangzhou Internet Court ruled in another case that the same plaintiff's design of the polka-dot dress failed to possess originality for copyright protection because it was merely a combination of common design features,

68. *See, e.g.*, Beijing Zhonghang Zhicheng Keji Youxian Gongsi Su Shenzhen Shi Feipengda Jingpin Zhizao Youxian Gongsi (北京中航智成科技有限公司诉深圳市飞鹏达精品制造有限公司) [Beijing Zhonghang Zhicheng Technology Co., Ltd. v. Shenzhen Feipengda Quality Manufacturing Co., Ltd.], CHINA JUDGMENTS ONLINE (Beijing High People's Ct. 2014) (China) [hereinafter Shenzen Feipengda] (holding that when deciding the copyrightability of a design, a court should first distinguish the design elements which were determined by, or inseparable from, the product's functionality from those which are purely artistic, and then decide whether the separable artistic expression possesses the required degree of originality); ZhejiangKelubo Jixie Youxian Gongsi Su Lanhe Guoji Youxian Gongsi Deng (浙江克虏伯机械有限公司诉蓝盒国际有限公司等) [Zhejiang Krupp Machinery Co., Ltd. v. Blue Box International Limited et al.], CHINA JUDGMENTS ONLINE (Shanghai 1st Interm. People's Ct. 2015) (China) [hereinafter Blue Box] (holding the aethestic values of a mall train with a bear face-shaped front design conceptually separable from its functionality).

69. *See, e.g.*, Shenzhen Feipengda, *supra* note 68; Blue Box, *supra* note 68.

70. Yunchuang Sheji (Shenzhen) Jituan Youxian Gongsi Su Chongqing Kashilan Fushi Youxian Gongsi (云创设计（深圳）集团有限公司诉重庆卡诗兰服饰有限公司) [Yunchuang Design (Shenzhen) Group Co., Ltd. v. Chongqing Kashilan Clothing Co., Ltd.], CHINA JUDGMENTS ONLINE (Chongqing Pilot Free Trade Zone People's Ct. 2021) (China).

71. *Id.*

72. *Id.*

73. *Id.*

such as a V-neck, short sleeves, and an invisible zipper.[74] Since the design already failed the originality requirement, the Guangzhou Internet Court did not discuss the applicability of the separability test. The different viewpoints between these two Chinese courts on the same design reveal the uncertainties faced by fashion companies because of the inconsistent application of copyright law.

3. Comparison of the Chinese and U.S. Approaches

Divergent views exist in both American and Chinese laws regarding the separability test, but they exist for different reasons. As previously discussed, the notion of separability was initially introduced through the House of Representatives's amended definition of "pictorial, graphic and sculptural works".[75] While not explicitly stated in the statutory language, the House aimed to broaden the standard to encompass either *physical* or *conceptual* separability.[76] The introduction of "conceptual separability," a criterion arising from legislative history,[77] rather than the statute itself, has contributed to inconsistent judicial interpretations.[78] Additionally, there remains an ongoing lack of consensus among courts and in scholarly debates regarding the appropriate delineation of the scope of "functionality" and "useful articles."

In contrast to U.S. copyright law, China's copyright legislation lacks explicit provisions addressing "applied art." Instead, Chinese copyright law protects such creations under the traditional subject matter of "works of art" contingent upon meeting separability and originality criteria.[79] Nevertheless, courts have long denied copyright in garment designs because the utilitarian functions and aesthetic values of clothes are usually intertwined.[80] On October 28, 2021, the State Council promulgated a national plan on IP protection and utilization, which is an integral part of the country's "14th Five-Year Plan." The national plan specifically set out its aim to "improve policymaking on IP protection for the fashion industry, including garment

74. Yunchuang Sheji (Shenzhen) Jituan Youxian Gongsi Su Guangzhou Hongboya Trading Co., Ltd. (云创设计（深圳）集团有限公司诉广州弘薄雅贸易有限公司) [Yunchuang Design (Shenzhen) Group Co., Ltd. v. Guangzhou Hongboya Trading Co., Ltd.], CHINA JUDGMENTS ONLINE (Guangzhou Internet Ct. 2021) (China).

75. *See* texts accompanying *supra* notes 46–50.

76. H.R. REP. NO. 94-1476, at 54–55 (1976).

77. Ginsburg, *supra* note 44, at 17.

78. *Id.* at 18 ("[A]most every federal court of appeal that has adjudicated the copyrightability of design elements of useful articles has purported to apply a test of conceptual separability, though each court has formulated that test differently.").

79. Copyright Law 2020, *supra* note 63, art. 3.

80. *See, e.g.*, Shanghai Lukun, *supra* note 38.

designs."[81] The Chongqing court hearing the *Kashilan* case proclaimed itself to be the first court to recognize garment design copyright after the promulgation of the plan.[82] Policy considerations played a part in shifting the Chinese courts' attitude toward fashion designs.

In summary, in China, the country's industrial policies significantly shape the discourse on the separability test and at times steer judicial interpretations of the law. Given the State Council's explicit promotion of IP protection for fashion products, the criteria for the separability test are likely to become clearer in the future. In contrast, the debate over separability in the United States is a legal one that primarily concerns the scope of "useful articles" and "functionality."

B. TRADEMARK

A trademark, by its statutory definition, is a mark used in trade that identifies the source of goods or services.[83] As mentioned previously, a trademark can undoubtedly protect the designer's logo or brand name, but that protection cannot always protect the fashion design itself.[84] In the United States, a fashion design can be protected as a trade dress only if the design has acquired recognition among consumers as being associated with a particular brand.[85] In China, the equivalent of trade dress protection can be found in both trademark law and the AUCL. As illustrated below, enforcement under the AUCL is generally less challenging for fashion houses.[86]

Apart from the overall design of a fashion item, a certain pattern may also acquire the status of a trademark if it has repeatedly appeared on almost every piece of a brand, and therefore has been perceived as a symbol of the brand.[87] However, because patterns

81. "Shi Si Wu" Guojia Zhishi Chanquan Baohu He Yunyong Guihua ("十四五"国家知识产权保护和运用规划) [The 14th "Five-Year Plan" National Plan on Intellectual Property Protection and Utilization] art. 3 (China) (promulgated by the St. Council, Oct. 2021).

82. 2021 Nian Zhishi Chanquan Sifa Baohu Dianxing Anli (2021 年知识产权司法保护典型案例) [Intellectual Property Judicial Protection Typical Cases 2021] (promulgated by the Chongqing Liangjiang New Dist. (Free Trade Pilot Zone) People's Ct. 2022) (China) ("The case is the first within the country that grants copyright protection to garment designs and the fashion industry after the implementation of the Plan . . . . The rule it established has an exemplary value to similar cases. It has showcased the mission of courts to strengthen the degree of copyright protection for garment designs and promote the healthy development of the fashion industry.").

83. 15 U.S.C. § 1127; Trademark Law 2019, *supra* note 25, art. 8.

84. *See supra* Part II; *see also* Lynsey Blackmon, *The Devil Wears Prado: A Look at the Design Piracy Prohibition Act and the Extension of Copyright Protection To the World of Fashion*, 35 PEPP. L. REV. 107, 123 (2007) ("[U]sing trademark law to protect anything more than counterfeit items has proven near impossible.").

85. Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 211 (2000).

86. *See infra* Part III.D.

87. Article 8 of the Chinese Trademark Law provides that "any visible sign, including any word, design, letter of the alphabet, numeral, three-dimensional symbol and color combination, or any combination of the above, that can serve to distinguish the goods of a natural person, legal person, or other organization

potentially lack distinctiveness, it is much more challenging for design companies to trademark such design elements, especially when they are presented as non-traditional trademarks.[88] The distinctiveness requirement of trademark law has two prongs—inherent distinctiveness and acquired distinctiveness.[89] A mark is inherently distinctive when it serves to identify the source of a product or service.[90] An inherently generic mark may acquire a "secondary meaning" and become distinctive when consumers have developed an association between the mark and the source of the product or service.[91]

For fashion companies to claim trademarks over their design patterns successfully, they need to prove either the inherent distinctiveness or the secondary meaning of such patterns. For example, in the United States, Louis Vuitton (LV) has successfully trademarked its Toile Monogram, consisting of the entwined "LV" initials.[92] Gucci has registered trademarks for its renowned green-red-green stripes in various jurisdictions, including China. [93] Nevertheless, many fashion designs fail the

from those of another, may be made a trademark for application for registration." Trademark Law 2019, *supra* note 25, art. 8.

88. Take Van Cleef & Arpels' failure to secure the three-dimensional (3D) trademark registration for its four-leaf clover jewelry in China as an example. *See* Fanke Yabao Youxian Gongsi Deng Su Guojia Zhishi Chanquan Ju (梵克雅宝有限公司等诉国家知识产权局) [Van Cleef & Arpels et al. v. China National Intellectual Property Administration], CHINA JUDGMENTS ONLINE (Beijing High People's Ct. 2020) (China) [hereinafter VCA v. CNIPA]. The same is true with Chanel failing to prove to the United States Patent and Trademark Office (USPTO) the distinctiveness of its classic No.5 fragrance bottle design, which was preliminarily refused to be registered by the USPTO, pending further examination. *See* Mohan Dewan, *Shape of Chanel No.5 Bottle Is Not Distinctive: USPTO*, LEXOLOGY (Sept. 6, 2022), https://www.lexology.com/library/detail.aspx?g=612540b5-9c85-4f3b-b6ea-6a914b1db8c7 [https://perma.cc/2NLJ-5HER] [https://web.archive.org/web/20231019181702/https://s3.amazonaws.com/documents.lexology.com/8d258ad6-07c2-4dbd-9bed-3c57416bf789.pdf?AWSAccessKeyId=AKIAVYILUYJ754JTDY6T&Expires=1697739503&Signature=v8ORko9wVuPPIM%2BZ9qGOc%2FBWPY%3D].

89. *See* 15 U.S.C. § 1052(f); *see also* Trademark Law 2019, *supra* note 25, art. 11(2) (stipulating that an inherently indistinctive mark could acquire distinctiveness through use); Haochen Sun, *Protecting Non-Traditional Trademarks in China*, *in* THE PROTECTION OF NON-TRADITIONAL TRADEMARKS: CRITICAL PERSPECTIVES 186, 187 (Irene Calboli & Martin Senftleben eds., 2018).

90. *See generally* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 8 (2d Cir. 1976) (stating the source-identifying function of a trademark in the United States); *see also* Shangbiao Shencha Shenli Zhinan (商标审查审理指南) [Guide on Trademark Review and Examination 2021] book II, ch.1, art. 3.2 (2021) (China) (promulgated by the China Nat'l Intell. Prop. Admin., Nov. 16, 2021, effective Jan. 1, 2022) [hereinafter Guide on Trademark Review and Examination 2021] (stating the source-identifying function of a trademark in China).

91. AMERICAN AND ENGLISH ENCYCLOPEDIA OF LAW (David S. Garland et al. eds., 1905).

92. Ashley E. Hofmeister, Note, Louis Vuitton Malletier v. Dooney & Bourke, Inc.*: Resisting Expansion of Trademark Protection in the Fashion Industry*, 3 J. BUS. & TECH. L. 187, 188 (2008).

93. *See* Yiwu Haiguan Guanyu Yiwu Shilutong Jinchukou Youxian Gongsi Qinfan "GUCCI (Zhiding Yanse Tuxing Lv-Hong-Lv)" Shangbiao Quan Liankuwa De Xingzheng Chufa Jueding Shu (义乌市海关关于义乌市诗路通进出口有限公司侵犯"GUCCI（指定颜色图形绿红绿）"商标权连裤袜的行政处罚决定书) [Administrative Penalty Decision of the Yiwu Customs on Yiwu Shilutong Import & Export Co.,

distinctiveness test because they are inseparable parts of the underlying products[94] or because of associated competition concerns.[95] Such controversies have become increasingly common when fashion companies try to register their designs as 3D trademarks or color trademarks.

1. Three-Dimensional Trademarks

A 3D trademark protects the specific shape or three-dimensional presentation of a mark. Across various jurisdictions, applications for 3D trademarks commonly face rejection due to a lack of distinctiveness. As an example, in 2022, the European Union Intellectual Property Office (EUIPO) partially refused to register Dior's iconic Saddle Bag design as a 3D trademark.[96] Tecnica, the producer of the renowned Moon Boot, also faced a partial invalidation of its 3D trademark by the EUIPO on the ground that the shape lacked distinctive character compared to regular after-ski boots in the European market.[97] This invalidation was subsequently affirmed by both the Board of Appeal and the General Court.[98] Similar debates surround the registrability of such 3D marks in both the United States and China.

a. Three-Dimensional Trademarks in the United States

Three-dimensional symbols are protected in the United States under the category of "trade dress."[99] The biggest hurdle for fashion designs to be protected as trade dress is the distinctiveness requirement.[100] There is rich case law on trade dress distinctiveness. First, the framework for deciding the inherent distinctiveness of a

Ltd.'s Stockings Infringing the Trademark "GUCCI (Device Designated to Color Green-Red-Green)"] HANGZHOU CUSTOMS PUB. OF ADMIN. PENALTY (Yiwu Customs 2022) (China).

94. *See, e.g.*, VCA v. CNIPA, *supra* note 88; Yidali Aimashi Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (意大利爱马仕公司诉国家工商行政管理总局商标评审委员会) [Hermès Italia S.p.A. v. Trademark Appeal Board of the State Administration of Industry and Commerce], CHINA JUDGMENTS ONLINE (Sup. People's Ct. 2012) (China).

95. *See, e.g.*, Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 7, art. 2.

96. European Intellectual Property Office (EUIPO), Decision of the Second Board of Appeal of 7 Sept. 2022 in Case R 32/2022-2 (EU).

97. Case T-483/20, Tecnica Grp. SpA v. Eur. Union Intell. Prop. Off., ECLI:EU:T:2022:11 (Jan. 19, 2022) (EU).

98. *Id.*

99. *See* 15 U.S.C. § 1125(a). Some practitioners view 3D trademarks as a subset of trade dress. *See, e.g.*, Michael Lasky, *Three Dimensional Trademarks: Understanding United States Law and Practice* (2000) (unpublished manuscript), http://alteralaw.com/docs/3d-trademarks.pdf [https://perma.cc/G27U-N4AK] [https://web.archive.org/web/20231013161453/http://alteralaw.com/docs/3d-trademarks.pdf]. Others use the two terms interchangeably. *See, e.g.*, Qadir Qeidary, *Shape Mark (Trade Dress) Distinctiveness: A Comparative Inquiry into U.S. and E.U. Trademark Law*, 13 WM. & MARY BUS. L. REV. 71, 74 (2021).

100. *See* RAUSTIALA & SPRIGMAN, *supra* note 13, at 30 (pointing out that fashion designs usually cannot be protected as trade dress because their primary significance is not to identify the source of the product).

word mark was set out in *Abercrombie & Fitch Co. v. Hunting World, Inc.* in 1976. Under the framework laid out in *Abercrombie*, putative trademarks were divided into the following five categories: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful.[101]

Generic marks are not protectable. Descriptive marks, although inherently indistinctive, can be protected only if they have acquired secondary meaning. Finally, marks falling under the last three categories are considered inherently distinctive.[102] In 1992, in *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Supreme Court faced the question of whether the *Abercrombie* test also applied to trade dress marks.[103] Suggesting an affirmative answer to the question, the Court held in *Two Pesos* that a "trade dress that is inherently distinctive is protectible . . . [even] without a showing that it has acquired secondary meaning."[104] In other words, the Court found no need to require a secondary meaning for trade dress marks falling under the last three categories in the *Abercrombie* spectrum.[105] This, however, does not suggest that all trade dress marks are inherently distinctive. In 2000, on the basis of its *Two Pesos* decision, the Supreme Court further elaborated in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.* on the distinctive assessment of trade dress, which divided trade dress into "product packaging" and the "shape or design" of a product; the former could be inherently distinctive, whereas the latter could only be trademarked by showing a secondary meaning.[106] As fashion designs are usually recognized as product designs rather than product packaging, this distinction has impeded many iconic pieces from being protected as trade dress.[107]

101. Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

102. *Id.*

103. *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).

104. *Id.* at 767.

105. *Id.* at 774 ("[Secondary meaning] is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer's product.").

106. Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205, 212–13, 216 (2000).

107. *See, e.g.*, Brighton Collectibles, Inc. v. Coldwater Creek Inc., No. 06-CV-01848-H (POR), 2009 WL 10671818, *3 (S.D. Cal. Apr. 22, 2009) (holding that the defendant had infringed the trade dress of a product design of the plaintiff's heart-shaped fashion accessories); Christina Phillips, Note, *The Real Cinderella Story: Protecting the Inherent Artistry of the Glass Slipper Using Industrial Design*, 48 VAL. U. L. REV. 1177, 1204 (2014) ("As a result, fashion falls under trade dress product design and therefore requires secondary meaning to obtain protection."); Note, *The Devil Wears Trademark: How the Fashion Industry Has Expanded Trademark Doctrine To Its Detriment*, 127 HARV. L. REV. 995, 1009–10 (2014) ("[T]he [*Wal-Mart*] Court expanded trade dress doctrine significantly—from covering only product packaging to covering product design—thereby bringing fashion design within its ambit of protection."); Linna T. Loangkote, Note, *Fashioning a New Look in Intellectual Property: Sui Generis Protection for the Innovative Designer*, 63 HASTINGS L.J. 297, 305–06 (2011) (stating that the *Wal-Mart* court had made clear that product design trade dress is the type that applies to fashion designs). Note that the subject matter in *Wal-Mart* itself was children's clothing with printed motifs, which was held to be unprotectable due to lack of secondary meaning. *Wal-Mart Stores, Inc.*, 529 U.S. at 216.

While a product design cannot be inherently distinctive, it can acquire distinctiveness or secondary meaning through extensive use, allowing fashion brands to claim trade dress protection. An illustrative example is Hermès, which obtained registration for the 3D configuration of its Birkin bag and subsequently enforced the mark by enjoining both a knockoff company and an online platform from offering knockoff products.[108] In contrast, Chanel's iconic No.5 fragrance bottle has been preliminarily viewed by the United States Patent and Trademark Office (USPTO) examiner as unregistrable due to its lack of inherent distinctiveness and insufficient evidence of acquired distinctiveness.[109] Chanel has responded by submitting additional evidence to support its claim of acquired distinctiveness, seeking to counter the examiner's preliminary stance in the final decision.[110] However, given the challenging evidential threshold and the absence of a clear standard, the enforcement of trade dress right over product design can be intricate and largely unpredictable.

Another obstacle to trade dress protection for fashion designs is functionality. A functional design cannot be protected, regardless of its secondary meaning.[111] Similar to copyright law's separability test, trademark law distinguishes protectable aspects of a trademark or trade dress (i.e., those aspects capable of communicating an association) from unprotectable functional aspects.[112] Unlike copyright law, however, trademark law expressly embraces the concepts of both utilitarian functionality and aesthetic functionality.[113] Utilitarian functionality refers to a product design being functional when it is essential to the use or purpose of an article.[114] In contrast, aesthetic functionality suggests that a product design is considered aesthetically functional when its value is primarily derived from its visual appeal.[115] In other words, consumers are more likely to choose the product based on its visual attractiveness rather than utilitarian benefits.[116] The Supreme Court has held that aesthetic function would not

108. *See* Hermès Int'l v. Emperia, Inc., No. 2:14-CV-03522-SVW-VBK (C.D. Cal. July 31, 2014).

109. *See* Dewan, *supra* note 88.

110. TFL, *Chanel Pushes for No. 5 Bottle Registration, Emphasizing "Look-For" Ads*, THE FASHION L. (Mar. 8, 2023), https://www.thefashionlaw.com/chanel-pushes-for-no-5-bottle-trademark-registration-citing-acquired-distinctiveness/ [https://perma.cc/WSQ5-ZRK9] [https://web.archive.org/web/20231013162227/https://www.thefashionlaw.com/chanel-pushes-for-no-5-bottle-trademark-registration-citing-acquired-distinctiveness/].

111. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:63 (5th ed. 2023) ("For 'functional' items, no amount of evidence of secondary meaning . . . will create a right to exclude."); Russ VerSteeg, *Reexamining Two Pesos, Qualitex, & Wal-Mart: A Different Approach . . . or Perhaps Just Old Abercrombie Wine in a New Bottle?*, 23 FORDHAM INTELL. PROP., MEDIA, & ENT. L.J. 1249, 1290 (2013) ("Secondary meaning is irrelevant vis-à-vis functionality.").

112. VerSteeg, *supra* note 111, at 1295.

113. *Id.*

114. Yurman Design, Inc.v. PAJ, Inc., 262 F.3d 101, 116 (2d Cir. 2001).

115. VerSteeg, *supra* note 111, at 1279.

116. *Id.*

be protected if the inability to copy the design would put the defendant at a significant disadvantage for reasons not related to reputation.[117] Therefore, even though a design feature may be purely decorative, it could be deprived of trade dress protection because of the aesthetic functionality doctrine if such protection would hinder competition by limiting the range of alternative designs in the market.

However, the combination and arrangement of several individually "functional" features could sometimes become non-functional and, consequently, protectable.[118] For instance, in *Cartier, Inc. v. Sardell Jewelry, Inc.*, Cartier successfully established a trade dress claim in its "Tank Française" wristwatch design. The court found that the design, when viewed in its entirety, was not functional because there were many alternative designs that could perform the same function; enforcing Cartier's rights in this design would not inhibit competitors from being able to compete effectively in the market for luxury watches.[119] Another case in point is *LeSportsac, Inc v. K Mart Corp.*, in which the plaintiff successfully rebutted the defendant's functionality defense and enforced its rights in a line of nylon bags.[120] In short, the court ruled that the combination and arrangement of the design features in LeSportsac's bag were non-functional, emphasizing that these features had genuinely served "the trademark purpose of identification."[121]

b. Three-Dimensional Trademarks in China

There has been an increasing number of 3D trademarks registered in China,[122] where distinctiveness and non-functionality are also required.[123] However, neither trademark law nor the relevant regulations have expressly presumed a 3D trademark to be inherently indistinctive. Although the China National Intellectual Property Administration (CNIPA) states that the distinctiveness of a 3D symbol, *just like* that of a 2D trademark, should be decided by considering the composition of the mark, the cognition of the relevant public, the industry norms, and so on,[124] courts have revealed different standards for assessing distinctiveness for 2D and 3D trademarks in practice.

In 2014, Van Cleef & Arpels (VCA) applied for registration in China of its signature four-leaf-clover-inspired jewelry design as a 3D trademark, and the application was approved in 2016. This line of jewelry is branded under VCA's "Alhambra" trademark.

117. TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 32–34 (2001).
118. *See, e.g.*, Cartier, Inc. v. Sardell Jewelry, Inc., 294 F. App'x 615, 621 (2d Cir. 2008).
119. *Id.*
120. LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71 (2d Cir. 1985).
121. *Id.* at 78.
122. Sun, *supra* note 89, at 189.
123. *See* Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 6, arts. 2–3.
124. *Id.* book II, ch. 6, art. 3.2.

In 2018, a third party initiated an invalidation proceeding at the Trademark Review and Adjudication Board (TRAB), and it successfully nullified the registration in 2019. VCA then appealed to the Beijing Intellectual Property Court and, later, the Beijing High Court. Upholding the lower court's decision, the Beijing High Court denied the distinctiveness of VCA's jewelry design.[125] The court ruled, first, that the four-leaf clover pattern, although originated by VCA, was more likely to be perceived by the relevant public as the shape, appearance, or ornament of the product when used on the designated goods, rather than a source identifier; hence, it was inherently indistinctive.[126] Second, although VCA had adduced evidence to show its extensive use of the applied-for mark, such use was, again, found to be the shape, appearance, or ornament of the designated goods, diluting its function as a source identifier.[127]

Figure 1: Van Cleef & Arpels Alhambra Three-Dimensional Trademark Application[128]

VCA was not the first fashion company to lose a case in China because of inadequate distinctiveness. Hermès encountered a similar setback a few years before the decision in *VCA* when attempting to trademark the design of its world-renowned Kelly bag as a 3D symbol. In dismissing Hermès's petition for a retrial against a Beijing High Court decision, the Supreme People's Court (SPC) reasoned that, when a 3D symbol cannot

125. VCA v. CNIPA, *supra* note 88.

126. *Id.*

127. *Id.*

128. China Trademark No. 15736970. Chinese trademarks are viewable through TRADEMARK OFF. OF CHINA NAT'L INTELL. PROP. ADMIN., http://wcjs.sbj.cnipa.gov.cn/sgtmi?b9La8sqW=0iFSsFAlqEqIOr67.K.uVzHHq6O88UsNh.KaoDvgRA.Jvp7__WA.JEm350xIQiaotNxRj6Q1sBd3yJy8b64K_ajxNMpskpghR [https://perma.cc/JD5X-W757] [https://web.archive.org/web/20231116010356/http://wcjs.sbj.cnipa.gov.cn/sgtmi] (last visited Nov. 15, 2023).

be separated from the product, consumers are more likely to view it as a component of the product rather than a trademark, unless the unique features make the symbol distinguishable from those on similar products or there is sufficient evidence to prove that the relevant public associates the symbol with the brand. The SPC denied both the inherent and acquired distinctiveness of the design features of the Kelly bag.[129] Therefore, the fact that 3D marks are normally inseparable from the products also makes it more difficult to meet the non-functionality requirement.[130] Compared with 2D marks, 3D marks are more likely to cover the product function.

Figure 2: Hermès Kelly Bag Three-Dimensional Trademark Application[131]

It should also be noted that although 3D marks are recognized in the Chinese Trademark Law,[132] conventional 2D marks, such as words, devices, letters, and numbers, make up the great majority of marks.[133] Trademark examinations and judicial practices have set a higher bar for 3D and other non-traditional trademarks in terms of distinctiveness. Therefore, it is easier for designer companies to register and enforce 2D trademarks than 3D trademarks. For example, although VCA's abovementioned 3D

129. Sun, *supra* note 89, at 189.

130. *Id.*

131. China Trademark No. G798096.

132. Trademark Law 2019, *supra* note 25, art. 8.

133. Sun, *supra* note 89, at 185 ("[Non-traditional trademarks] offer new ways to attract consumers, as they differ from the words, logos, letters, and numbers that are traditionally used as trademarks.").

mark was declared invalid by the court, its registration of the 2D device trademark for the same four-leaf clover design has been quite smooth.[134] In another invalidation case brought against this 2D trademark, both the CNIPA and the Beijing Intellectual Property Court recognized its inherent distinctiveness.[135] The Beijing Intellectual Property Court explicitly stated that the standards to determine distinctiveness for a 3D trademark and those for a 2D trademark should be differentiated.[136] Notably, in practice, 2D and 3D trademarks also provide different scopes of protection. As shown in another case brought by VCA against a knockoff manufacturer,[137] VCA's 2D registration could only protect fabric or graphic designs and could not be used to protect the designs from knockoffs.

In 2021, a 400-page review and examination guideline was issued by the CNIPA, replacing the previous version and elaborating in great detail on examination standards under the 2019 Trademark Law. The guideline makes clear that, when determining the distinctiveness of a 3D symbol, the examiner should also look into the way in which it is used before drawing conclusions about its source-identifying role.[138] To be trademarkable, an inherently indistinctive 3D symbol needs to acquire distinctiveness through use.[139] However, if a 3D symbol is considered "functional," it cannot be registered, even with extensive evidence of use.[140] In terms of functionality, the guideline endorses the concepts of both utilitarian and aesthetic functionality in a similar way to its U.S. counterparts.[141] This guideline not only explicitly recognizes the registrability and acquired distinctiveness (or second use) of 3D trademarks, but also acknowledges the functionality doctrine, which excludes useful product features from trademark protection.[142]

The section concerning 3D trademarks in the guideline was largely derived from the SPC's 2018 decision in *Parfums Christian Dior v. Trademark Review and Adjudication*

134. *See, e.g.*, China Trademark No. 48311547.

135. Feng Wei Su Zhonghua Renmin Gongheguo Guojia Zhishi Chanquan Ju (冯伟诉中华人民共和国国家知识产权局) [Feng Wei v. China Nat'l Intell. Prop. Admin.], CHINA JUDGMENTS ONLINE (Beijing Intell. Prop. Ct. 2022) (China).

136. *Id.*

137. Fanke Yabao Youxian Gongsi Su Shanghai Aijing Zhubao Youxian Gongsi Deng (梵克雅宝有限公司诉上海瑷晶珠宝有限公司等) [Van Cleef & Arpels SA v. Shanghai Aijing Jewelry Co., Ltd. et al.], CHINA JUDGMENTS ONLINE (Beijing Chaoyang Dist. People's Ct., 2021) (China) [hereinafter VCA v. Shanghai Aijing].

138. *See* Guide on Trademark Review and Examination 2021, *supra* note 90.

139. *Id.* book II, ch. 6, art. 3.2.5.

140. *Id.* book II, ch. 6, art. 3.3.

141. *Id.* book II, ch. 6, art. 3.3.3.

142. *See also* Trademark Law 2019, *supra* note 25, art. 59 ("The holder of the right to exclusively use a registered trademark shall have no right to preclude others from legitimately using the common name, design or model of goods on which the trademark is used, the direct indications of the quality, main raw materials, functions, uses, weight, quantity, and other features of goods, or the place name in the trademark.").

Board of the State Administration for Industry and Commerce,[143] which is viewed by some practitioners as a commendable victory for fashion houses on the trademark battlefield. In this case, Dior sought to extend its international 3D trademark registration of the J'Adore fragrance bottle to China through the Madrid Protocol, but the extension application was rejected by the China Trademark Office,[144] and Dior's appeals were denied all the way up to the Beijing High Court.[145]

Dior petitioned to the SPC based on two grounds. First, the Trademark Office and the TRAB had mistakenly examined the application as a regular device trademark instead of a 3D trademark. Second, the J'Adore fragrance bottle possessed inherent distinctiveness because it was uniquely devised and not a generic design for perfume bottles; it also possessed acquired distinctiveness because the design had been extensively used and promoted in China and generated considerable market reputation as well as the general public's association of the subject mark and its source.[146] The SPC acknowledged the procedural error in not properly identifying the application as a 3D trademark and ordered the TRAB to re-examine the registrability of the applied-for mark.[147] Nonetheless, the SPC did not comment on the distinctiveness issue but only named a few factors that the TRAB should consider before reaching a decision, including the time when the applied-for mark entered the Chinese market, the evidence supporting the use and promotion of the concerned trademark, the possibility of acquiring a source-identifying function, and the consistency of examination standards.[148] The SPC seemed to imply that these were the factors to be considered in finding acquired distinctiveness.

Pursuant to the SPC's order, the TRAB reissued a decision in 2019, allowing the registration of the J'Adore fragrance bottle as a 3D trademark designated as "perfumes"

143. Kelisidiang Diaoer Xiangliao Gongsi Su Yuan Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (克里斯蒂昂迪奥尔香料公司诉原国家工商行政管理总局商标评审委员会) [Parfums Christian Dior v. Trademark Review and Adjudication Board of the State Administration for Industry and Commerce], CHINA JUDGMENTS ONLINE (Sup. People's Ct. 2018) (China) [hereinafter Dior].

144. *Id.*

145. *Id.*

146. *Id.*

147. *Id.*

148. *Id.* Just like Van Cleef & Arpels and the four-leaf clover, Dior's registration of the J'Adore fragrance bottle as a 2D device mark was accepted by the TRAB. As a result, the SPC mentioned the consistency issue when correcting the TRAB's decision.

in class 3,[149] while rejecting the application for all other goods.[150] While the TRAB still found the bottle inherently indistinctive, it accepted Dior's evidence of use and found acquired distinctiveness.[151] However, the evidence of use could only support public association between the bottle design and perfumes; therefore, the application for all other goods was rejected.[152]

Figure 3: Christian Dior J'Adore Three-Dimensional Trademark Application[153]

149. When filing a trademark application, the applicant is required to specify the designated goods or services on which the applied-for mark is or is going to be used. According to the Nice Classification, an internationally recognized trademark classification system established by the 1957 Nice Agreement, goods or services under the same sub-class are generally considered "similar" to each other. Therefore, the classification of a trademark's designated goods or services is important in terms of the identification of similar prior marks as well as the recognition of market reputation and well-known status. For example, a mark could be recognized as well known when used on one particular good but not on others. *See* World Intellectual Property Organization [WIPO], *Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (as amended on September 28, 1979)*, TRT/NICE/001 (Sept. 28, 1979).

150. Guanyu Guoji Zhuce Di 1221382 Hao "Tuxing (Sanwei Biaozhi, Zhiding Yanse)" Shangbiao Bohui Fushen Juedingshu (关于国际注册第 1221382 号"图形(三维标志、指定颜色)"商标驳回复审决定书) [Review Decision on the Refusal of Trademark International Registration No.1221382 "Device (3D Symbol, Designated Colour)"], TRADEMARK OFF. OF CHINA NAT'L INTELL. PROP. ADMIN. (Trademark Rev. & Adj. Bd. 2019) (China).

151. *Id.*

152. *Id.*

153. *See* China Trademark No. G1221382.

c. Comparison of the Chinese and U.S. Systems

For a 3D symbol to be protected, both the United States and China require the following two conditions to be met: distinctiveness and non-functionality. However, they analyze distinctiveness differently. In the United States, as mentioned above, *Wal-Mart* divided trade dress protection into two categories. The first category is *product packaging*; depending on the facts, product packaging could be inherently distinctive. The second category is *product designs*, which are inherently indistinctive and can only be protected after acquiring secondary meaning.[154] Specifically, the Court in *Wal-Mart* held that, with product packaging, consumers were "predisposed" to regard packaging as an indication of the producer and thus packaging items "almost *automatically* tell a customer that they refer to a brand."[155] This is contrary to the CNIPA's approach in its latest examination standards. According to the examination standards, product packaging is generally considered indistinctive because the relevant public usually will not perceive it as a source identifier when it is being used alone.[156] It further states that even if a packaging of a product has been uniquely designed and possesses an unusual visual effect, it still cannot be presumed to have the requisite distinctiveness.[157] However, if there is evidence that the packaging has acquired the source-identifying function through use, it could acquire distinctiveness (and be protected as a trademark).[158] In other words, although 3D trademarks in China also include the shape and packaging of a product, there is not much difference in the CNIPA's presumption of their lack of inherent distinctiveness. Nevertheless, as discussed below, although trademark law in China cannot offer product packaging the same degree of protection that trade dress provides in the United States, brand owners in China can still resort to the AUCL to enforce legal rights in a product packaging that has a certain degree of public recognition.[159]

Meanwhile, functionality is an absolute ground for rejection in both countries. A functional design cannot be trademarked, regardless of its distinctiveness. Moreover, both countries endorse the concepts of utilitarian functionality and aesthetic functionality.[160] In the United States, the aesthetic functionality doctrine is established

154. *See* text accompanying *supra* note 106.

155. Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205, 212–13 (2000).

156. Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 6, art. 3.2.2.

157. *Id.*

158. *Id.*

159. *See infra* Part III.D.

160. *See* Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995); Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23 (2001) (endorsing the notion of aesthetic functionality in the United States). *But see* Justin Hughes, *Non-Traditional Trademarks and the Dilemma of Aesthetic Functionality, in* THE PROTECTION OF NON-TRADITIONAL TRADEMARKS: CRITICAL PERSPECTIVES 107, 107 (Irene Calboli & Martin Senftleben ed., 2018) (arguing that the most convincing cases for aesthetic functionality in the United States are more

through a line of thoroughly elaborated case law,[161] whereas in China, the rule is set down in block letters in the administrative organ's examination guidelines.[162]

2. Color Trademark

Under certain circumstances, a color or a combination of colors may serve the function of identifying the source of a product. Nonetheless, there has been no international consensus regarding the ability of colors or color combinations to be trademarked, with the United States and China holding disparate perspectives on this matter.

a. Color Trademark in the United States

Similar to 3D symbols, colors, including a single color, are viewed as trade dress and may be protected in the United States if they are distinctive and non-functional. However, as colors are classified into "descriptive marks" (i.e., the second category of the *Abercrombie* spectrum), they can only be protected if they have acquired secondary meaning.[163] In *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, the Second Circuit explicitly ruled that the lower court's holding that "a single color can never serve as a trademark in the fashion industry" was inconsistent with the Supreme Court's decision in *Qualitex*.[164] Put differently, the United States does not have a per se rule against single-color trademark registrability.[165] A successful example of fashion

about "cognitive and psychological responses in consumers" than about aesthetics). *See also* Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 6, art. 3.3.3 (endorsing the aesthestic functionality doctrine in China). *But see* Wenting Huang, *Protection of Fashion Designs in the United States and China: Non-Traditional Marks*, 44 EUR. INTELL. PROP. REV. 91, 97 (2022) (claiming that the trademark authorities sometimes do not distinguish "utilitarian functionality" from "aesthetic functionality").

161. *See, e.g.*, Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952) (holding that the plaintiff's floral design features were functional for china because of their appeal to consumers); Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., 916 F.2d 76 (2d Cir. 1990) (ruling that no matter what secondary meaning the plaintiff's baroque silverware might have acquired, it could not exclude competitors because the design elements are necessary to compete in the market for baroque silverware); Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995); Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23 (2001) (holding that a design was functional if its aesthetic values could generate a significant advantage which could not be duplicated by alternative designs); TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 33 (2001) (establishing a two-step functionality test which has distinguished aesthetic functionality from utilitarian functionality).

162. Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 6, art. 3.3.3.

163. *See generally*, *Qualitex*, 514 U.S. 159.

164. Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc., 696 F.3d 206, 212 (2d Cir. 2012) (citing *Qualitex*, 514 U.S. at 162). In *Qualitex*, the Court allowed Qualitex to trademark a special shade of green-gold color on the pads it manufactured for use on dry cleaning presses.

165. *Qualitex*, 514 U.S. at 161.

companies trademarking a single color would be the famous robin's egg blue, generally known as "Tiffany Blue," registered by Tiffany & Co. as a color trademark.[166]

Despite successful registrations of color trademarks by Tiffany & Co. and other fashion companies, proving that consumers can learn the source of a product via a single color is never an easy task. Christian Louboutin, which is famous for its high-end women's high-heeled shoes with a red-lacquered outsole design, has failed to trademark the red sole in several countries, including Japan, France, and Switzerland.[167] In the abovementioned *Christian Louboutin S.A.* case, the Second Circuit instructed the USPTO to limit the registration of Louboutin's red-sole mark to "only those situations in which the red-lacquered outsole contrasts in color with the adjoining 'upper' of the shoe."[168] Since both the outsole and the adjoining upper of the high heel design offered by YSL were red, the court held that YSL did not infringe Louboutin's red-sole mark.[169]

b. Color Trademark in China

China currently does not accept a single color as a trademark due to monopolization concerns.[170] It is possible for designers to register a color-combination mark, but such a mark is presumed to be inherently indistinctive. The applicant must prove that the color-combination mark has acquired sufficient distinctiveness through use to have it registered.[171]

Policymakers did consider recognizing the registrability of a single color. The Draft Amendment of the Trademark Law, published in 2012, included a paragraph stating that "a single color used on a product or package of a product, which has acquired distinctiveness and can distinguish the product from others, can be registered as a

166. *See Our Story: Tiffany Blue*, TIFFANY & CO. NEWSROOM, https://press.tiffany.com/our-story/tiffany-blue/ [https://perma.cc/573C-K5QM] [https://web.archive.org/web/20231007185514/https://press.tiffany.com/our-story/tiffany-blue/] (last visited Nov. 15, 2023).

167. Cassidy Aranda, *The Worldwide Trademark Battle over the Iconic Red Bottom Shoe*, CHI.-KENT J INTELL. PROP. (Jan. 23, 2023), https://studentorgs.kentlaw.iit.edu/ckjip/the-worldwide-trademark-battle-over-the-iconic-red-bottom-shoe/ [https://perma.cc/MY7A-ENPU] [https://web.archive.org/web/20231007190320/https://studentorgs.kentlaw.iit.edu/ckjip/the-worldwide-trademark-battle-over-the-iconic-red-bottom-shoe/]. However, Christian Louboutin managed to register the red sole in jurisdictions such as the United States, Canada, Mexico, France, Norway, India, and Singapore. *See* TFL, *Louboutin Lands Injunction in Its Latest Red Sole Trademark Registration Bid*, THE FASHION L. (Aug. 15, 2023), https://www.thefashionlaw.com/louboutin-lands-injunction-in-its-red-sole-trademark-registration-bid/ [https://perma.cc/H982-S5TT] [https://web.archive.org/web/20231123150539/https://www.thefashionlaw.com/louboutin-lands-injunction-in-its-red-sole-trademark-registration-bid/].

168. *Christian Louboutin S.A.*, 696 F.3d at 228.

169. *Id.*

170. Guide on Trademark Review and Examination 2021, *supra* note 90, book II, ch. 7, art. 2.

171. *Id.*

trademark."[172] However, this sentence was deleted in the final version.[173] China decided to take a rather conservative approach to recognizing and protecting single colors as trademarks.

Louboutin's abovementioned color trademark associated with the red sole has a different story in China. In 2010, the company filed an international registration for its red sole under the Madrid Protocol and sought to extend the registration to several member states, including China.[174] The TRAB rejected its registration because the mark lacked distinctiveness. The TRAB first identified the mark as a combination of a high-heeled device and a single color applied to the sole, which was inherently indistinctive, [175] and then held that Louboutin failed to prove the acquired distinctiveness.[176] Having gone through several rounds of appeals, the case eventually went to the SPC, which upheld the Beijing High Court's decision, recognizing Louboutin's design as "a single-color trademark designated to a particular position."[177] Although this categorization was not listed as a protectable subject matter in Article 8 of the Trademark Law, the court reasoned that it was also not precluded by the article because the list was non-exhaustive.[178] Notably, this categorization of the mark is consistent with Louboutin's filing strategy in the EU, which had been accepted by the CJEU.[179] The latest update on the CNIPA's website shows that the mark has been registered exclusively as "women's heels" under sub-class 2507 after reexamination,[180] similar to the CNIPA's approach in *Dior*.

172. Shangbiao Fa Xiuzhengan (Caoan) (商标法修正案(草案)) [Draft Amendment of the Trademark Law] art. 2(2) (China) (promulgated by the Standing Comm. Nat'l People's Cong., Dec. 28, 2012).

173. Trademark Law 2019, *supra* note 25, art. 8.

174. *See* Yong Wan & Hongxuyang Lu, *Trademark Protection of Single-Colour Trademarks: A Study of the Chinese Louboutin Case*, 10 QUEEN MARY J. INTELL. PROP. 255, 257 (2020).

175. Kelisiti Lubutuo Su Yuan Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (克里斯提鲁布托诉原国家工商行政管理总局商标评审委员会) [Christian Louboutin v. The Former Trademark Review and Adjudication Board of the State Administration of Industry and Commerce], CHINA JUDGMENTS ONLINE (Beijing High. People's Ct. 2018) (China).

176. *Id.*

177. *Id.*

178. Guojia Zhishi Chanquan Ju Su Kelisiti Lubutuo (国家知识产权局诉克里斯提鲁布托) [China National Intellectual Property Administration v. Christian Louboutin], CHINA JUDGMENTS ONLINE (Sup. People's Ct. 2019) (China). The case is still pending reexamination at the CNIPA.

179. *See* Case C-163/16, Christian Louboutin v. Van Haren Schoenen BV, ECLI:EU:C:2018:423 (June 12, 2018) (EU).

180. *See* China Trademark No. G1031242.

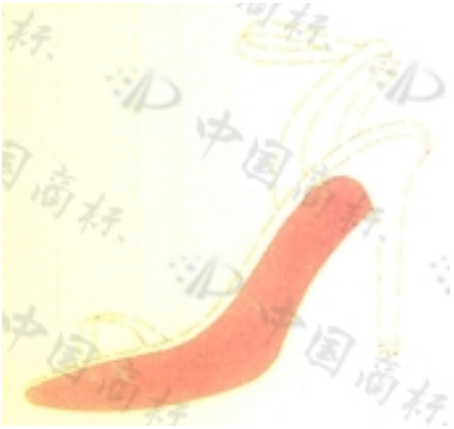

Figure 4: Christian Louboutin's Red-Sole Mark Application[181]

c. Comparison of the Chinese and U.S. Systems

China's trademark policy regarding single-color trademarks is more restrictive than that in the United States because all single colors are considered indistinctive and cannot acquire distinctiveness through use. This means that it is more difficult for fashion companies, such as Tiffany & Co. and Louboutin, to protect brands built upon a single unique color. Nevertheless, Louboutin's experience in China provides new possibilities for fashion companies to protect their design based on specific colors by filing trademark registration as a combination of a single color and a position. Compared to this Chinese approach, the Second Circuit's holding that designers may register a red sole with a contrasting upper color provides them broader protection because there is no need to identify a specific contrasting upper color.

In fact, the protection of single-color trademarks has always been controversial in both the United States and China. Experts in the United States have raised concerns over the excessive monopoly power in a single color granted to brand owners. Chinese authorities had also considered allowing single colors as trademarks.[182] The monopoly concerns are peculiarly acute for fashion designs. Colors are limited in number: The Pantone color system for fashion, home, and interiors, a standardized color-coding system that is widely used in the fashion industry, has only 3,049 colors.[183] Some

181. *See* China Trademark No. G1031242.

182. *See* texts accompanying *supra* note 172.

183. *Pantone Color Systems – for Textiles*, PANTONE, https://www.pantone.com/color-systems/for-textiles [https://perma.cc/2SHP-7TDA] [https://web.archive.org/web/20231122152259/https://www.pantone.com/color-systems/for-textiles] (last visited Dec. 3, 2023).

commentators argue that, for fashion designs, colors are aesthetically functional; therefore, single colors should be denied trademark protection, at least when used in fashion designs.[184] Notably, jurisdictions worldwide diverge on this issue. While it is possible to register a single color in the United States, the EU,[185] and the U.K.,[186] it is not possible in many Asian countries, including China, Vietnam, [187] and the Philippines.[188]

C. DESIGN PATENT

In light of the constraints associated with copyright and trademark protection for design elements, designers increasingly turn to design patents as a viable alternative for legal protection of fashion designs. However, opinions diverge on its suitability. Some advocate for design patents as a fitting solution,[189] while others contend that they may not be well-suited for the dynamic nature of the fashion industry.[190] Design patents have indeed played a critical role in both China and the United States. In China, for example, Nike has various design patent registrations in the country for its footwear

184. *See, e.g.*, Briana Reed, *Color Monopoly: How Trademarking Colors in the Fashion Industry and Beyond Expands the Lanham Act's Purpose and Policy*, 15 LIBERTY U. L. REV. 371, 410 (2021).

185. *See* European Union Intellectual Property Office (EUIPO), *Trade Mark Guidelines* § 4, ch. 3, art. 13.1 ("Single Colours"), https://guidelines.euipo.europa.eu/1803468/1790394/trade-mark-guidelines/14-1————-13-1-single-colours [https://web.archive.org/web/20231116031220/https://guidelines.euipo.europa.eu/1803468/1790394/trade-mark-guidelines/14-1----------13-1-single-colours] (last visited Nov. 15, 2023) ("A colour is not normally inherently capable of distinguishing the goods of a particular undertaking (para. 65). Therefore, single colours are not distinctive for any goods and services except under exceptional circumstances. Such exceptional circumstances require the applicant to demonstrate that the mark is unusual or striking in relation to these specific goods or services.").

186. *See, e.g.*, Societe des Produits Nestle SA v. Cadbury UK Ltd, [2022] EWHC 1671 (Ch) (UK) (confirming the possibility of a pure color to be registered as a trademark).

187. *Registering a Single Colour as a Trademark Is Not Possible in Vietnam [2023]*, BONAMARK, https://bonamark.com/content/registering-single-colour-trademark-not-possible-vietnam-2023 [https://perma.cc/5J4N-KGMF] [https://web.archive.org/web/20231007203010/https://bonamark.com/content/registering-single-colour-trademark-not-possible-vietnam-2023] (last visited Nov. 15, 2023).

188. An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for Its Powers and Functions, and for Other Purposes, Rep. Act No. 8293, Part III § 123.1 (June 6, 1997) (Phil.) ("A mark cannot be registered if it: (l) Consists of color alone, unless defined by a given form.").

189. *See, e.g.*, Ferrill & Tanhehco, *supra* note 36, at 277–79; Phillips, *supra* note 107, 1200–02.

190. *See, e.g.*, Denisse F. García, Note, *Fashion 2.0: It's Time for the Fashion Industry To Get Better-Suited, Custom-Tailored Legal Protection*, 11 DREXEL L. REV. 338, 358 (2019) (discussing how design patents may not be viable for independent designers who need immediate protection); Aleksandra M. Spevacek, Note, *Couture Copyright: Copyright Protection Fitting for Fashion Design*, 9 J. MARSHALL REV. INTELL. PROP. L. 602, 609 (2009) (claiming that design patents and garment designs are incompatible).

designs.[191] Moreover, a domestic brand successfully enforced its design patent rights against an online store selling garments with similar designs, and obtained damages plus reasonable expenses of RMB 427,151.7 (around USD 59,640), in addition to an injunction.[192] Design patents have also been deployed for fashion products in the United States, ranging from shoes, garments, bags, and belts to fragrance packaging, eyeglass frames, and timepieces.[193] The number of design patents filed by and granted to major players in the fashion industry in the country has continuously surged.[194]

Design patents protect the unique visual qualities of manufactured items.[195] On the one hand, it is the visual design of a useful article, rather than the article itself, that the law aims to protect;[196] on the other, the design must be applied to and not separable from the useful article because the law does not protect a stand-alone design by itself.[197] Similar to copyright law, design patent law draws a distinction between a design's functionality and its ornamentality.[198] However, unlike copyright law's separability test, patent law examines a design in its entirety, "for the ultimate question is not the

191. *See, e.g.*, China patent publications nos. CN308000051S, CN307950857S, CN307950671S, CN307935731S, and CN307935734S, available at https://pss-system.cponline.cnipa.gov.cn/conventionalSearch [https://perma.cc/NJQ6-MWWJ] [https://web.archive.org/web/20231018033607/https://pss-system.cponline.cnipa.gov.cn/conventionalSearch].

192. Nanjing Shengdiao Shizhuang Youxian Gongsi Su Liu Shiqin Deng (南京圣迪奥时装有限公司诉刘世琴等) [Nanjing SDeer Clothing Co., Ltd. v. Liu Shiqin et al.], CHINA JUDGMENTS ONLINE (Nanjing Intem. People's Ct. 2016).

193. *See, e.g.*, Ferrill & Tanhehco, *supra* note 36, at 277–78, 283–89; García, *supra* note 190, at 360.

194. *See, e.g.*, García, *supra* note 190, at 361.

195. *See, e.g.*, 35 U.S.C. § 171(a) ("[A]ny new, original and ornamental design for an article of manufacture. . . ."); Zhuanli Fa [专利法] [Patent Law] (promulgated by the Standing Comm. Nat'l People's Cong., Oct. 17, 2020, effective June 1, 2021), art. 2(4) (China) [hereinafter Patent Law 2020].

196. *See* In re Zahn, 617 F.2d 261 (C.C.P.A. 1980); Zhuanli Shencha Zhinan [专利审查指南] [Patent Examination Guideline] book I, ch. 3, art. 7(2) (China) (promulgated by the China Nat'l Intell. Prop. Admin., Dec. 11, 2020, effective Jan. 15, 2021) [hereinafter Patent Examination Guideline 2020] (stipulating that it is the visual features of a product design or the combination of such features that constitute the object of a design patent).

197. Curver Luxembourg, SARL v. Home Expressions Inc., 938 F.3d 1334, 1340 (Fed. Cir. 2019) ("[L]ong-standing precedent, unchallenged regulation, and agency practice all consistently support the view that design patents are granted only for a design applied to an article of manufacture, and not a design per se. . . ."); Patent Examination Guideline 2020, *supra* note 196, book I, ch. 3, art. 7(1) (clarifying that a patentable design must be the design of an industrial product, while handicrafts, agricultural products, or natural objects are not eligible for protection).

198. *See* In re Carletti, 328 F.2d 1020, 1022 (C.C.P.A. 1964) ("[W]hen a configurations is the result of functional considerations only, the resulting design is not patentable as an ornamental design for the simple reason that it is not 'ornamental.'"); Blisscraft of Hollywood v. United Plastic Co., 189 F. Supp. 333, 337 (S.D.N.Y. 1960), *aff'd*, 294 F.2d 694 (2d Cir. 1961) ("It must be motivated by ornamental or decorative inventiveness because a design dictated solely by mechanical or functional requirements is not patentable."); Patent Examination Guideline 2020, *supra* note 196, book I, ch. 3, art. 7.3 ("'Having aesthetic values' means, when determining whether a design is protected by the design patent law, it is the visual impression of a product's appearance rather than its functionality or technical effects that should be focused.").

functional or decorative aspect of each separate feature, but the overall appearance of the article, in determining whether the claimed design is dictated by the utilitarian purpose of the article."[199] In other words, a *primarily* ornamental design, the features of which are not *purely* "dictated by" functional considerations, would be eligible.[200]

Some have questioned whether the filing and examination procedure for patent application is incompatible with the fast-paced nature of the fashion industry.[201] It takes around thirteen to fifteen months to have a design patent granted in the United States, but fashion companies usually cannot wait that long.[202] Therefore, some experts have pointed out that design patents are more suitable for "enduring or 'signature' aesthetic features with demonstrated longevity."[203] Furthermore, while copyright can provide protection for a longer period of time[204] and trademarks have the advantage of being renewable every ten years,[205] the duration of design patents in both the United States and China is only fifteen years.[206]

199. L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1123 (Fed. Cir. 1993).

200. *See, e.g.*, Sport Dimension, Inc. v. Coleman Co., 820 F.3d 1316, 1320 (Fed. Cir. 2016). Chinese laws do not explicitly stipulate whether a primarily ornamental design with certain functional aspects could be protected as a design patent. However, it has been made clear that, when determining whether an infringment has occurred, the court should compare the two concerned designs from their overall visual appearance, and the more ornamental a feature is, the more impact it will have on the product's overall visual appearance. Moreover, the features that are constrained by the functional considerations of the product or irrelevant to the aesthetics of the product should be excluded from the comparison. It could therefore be inferred that Chinese laws do not preclude primarily ornamental designs with certain functional aspects from protection. *See* Gaoyi Gufen Gongsi Su Zhejiang Jianlong Weiyu Youxian Gongsi (高仪股份公司诉浙江健龙卫浴有限公司) [GROHE AG. v. Zhejiang Jianlong Sanitary Ware Co., Ltd.], SUP. PEOPLE'S CT. GAZ. (Sup. People's Ct. 2017) (China).

201. *See, e.g.*, Barton Beebe, *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809, 864 (2010); Dayoung Chung, *Law, Brands, and Innovation: How Trademark Law Helps To Create Fashion Innovation*, 17 J. MARSHALL REV. INTELL. PROP. L. 492, 494 (2018); Holton, *supra* note 8, at 418; Caroline Olivier, *A Musical Cue for Fashion: How Compulsory Licenses and Sampling Can Shape Fashion Design Copyright*, 19 NW. J. TECH. & INTELL. PROP. 219, 225–26 (2022); Raustiala & Sprigman, *supra* note 17, at 1704–05; Urbach & Soussa, *supra* note 8; Kristin L. Black, *Crimes of Fashion: Is Imitation Truly the Sincerest Form of Flattery?*, 19 KAN. J.L. & PUB. POL'Y 505, 507 (2010); Anya Jenkins Ferris, *Real Art Calls for Real Legislation: An Argument Against Adoption of the Design Piracy Prohibition Act*, 26 CARDOZO ARTS & ENT. L.J. 559, 567 (2008).

202. *See, e.g.*, Chung, *supra* note 201, at 494; García, *supra* note 190, at 360; *see also* Myers, *supra* note 12, at 59 ("[T]he process for obtaining a design patent would be too lengthy and too costly to be of any real value in the fashion industry; most designs would be long out of fashion before the designer could obtain the patent.").

203. García, *supra* note 190, at 360.

204. In China, when the author is a natural person, the copyrighted work is protected for fifty years plus the author's lifetime. When the author is a legal person, the work is protected for fifty years after its publication. *See* Copyright Law 2020, *supra* note 63, art. 23. In the United States, for works created after January 1, 1978, copyright protection generally lasts for the life of the author plus an additional seventy years. *See* 17 U.S.C. § 302(a).

205. Trademark Law 2019, *supra* note 25, art. 40.

206. 35 U.S.C. § 173; Patent Law 2020, *supra* note 195, art. 42.

The most challenging part for design companies in using design patents to protect their work is the patentability requirements of novelty and non-obviousness.[207] Both the U.S. Patent Act and the Chinese Patent Law have novelty and non-obviousness requirements for design patents.[208] According to the novelty requirement, a claimed design must be distinguishable from any prior designs[209] Moreover, under the non-obviousness requirement, the differences from pre-existing designs in the relevant market must be non-trivial.[210] Many fashion designs cannot be protected by patent law because they are merely reworkings of previous designs.[211]

1. Novelty

Novelty is a statutory requirement for design patents.[212] A design patent should be new and unknown to the public at the point of patent filing.[213] U.S. and Chinese court decisions reflect different debates over the novelty of design patents in the fashion industry. In the United States, Judge Learned Hand rightly pointed out in 1929 that, given the rapidity of the fashion cycle and the nature of fashion products, it was sometimes challenging for fashion designers to prove novelty in their designs.[214] Some commentators similarly indicated that most fashion designs fail to meet the statutory requirement of novelty.[215]

While novelty remains a crucial consideration for design companies pursuing design patent protection, the case law in the United States and China reflects distinct

207. *See, e.g.*, Anne Theodore Briggs, *Hung Out To Dry: Clothing Design Protection Pitfalls in United States Law*, 24 HASTINGS COMM & ENT. L.J. 169 (2002); Sara R. Ellis, *Copyrighting Couture: An Examination of Fashion Design Protection and Why the DPPA and IDPPPA Are a Step Towards the Solution To Counterfeit Chic*, 78 TENN. L. REV. 163, 179 (2010); Shayna Ann Giles, *Trade Dress: An Unsuitable Fit for Product Design in the Fashion Industry*, 98 J. PAT. & TRADEMARK OFF. SOC'Y 223, 234 (2016); *see also* García, *supra* note 190, at 359 ("[T]he biggest hurdle when seeking design patent protection for a fashion design is the non-obviousness requirement."); Myers, *supra* note 12, at 59 ("Fashion designs rarely pass the nonobviousness and nonfunctionality tests required to obtain design patents [in the United States]."); Erica S. Schwartz, Note, *Red with Envy: Why the Fashion Industry Should Embrace ADR as a Viable Solution To Resolving Trademark Disputes*, 14 CARDOZO J. CONFLICT RESOL. 279, 287 (2012) ("[M]ost fashion designs fail the statutory requirement of novelty, non-obviousness, and non-functionality.").

208. *See* Patent Law 2020, *supra* note 195, art. 23(1)(2); 35 U.S.C. § 171.

209. *See* Patent Law 2020, *supra* note 195, art. 23(1); 35 U.S.C. § 102(a).

210. *See* Patent Law 2020, *supra* note 195, art. 23(2); 35 U.S.C. § 103; *see also* Ellis, *supra* note 207, at 194.

211. *See, e.g.*, RAUSTIALA & SPRIGMAN, *supra* note 13, at 28.

212. 35 U.S.C. § 171(a) (requiring design patents to be "new"); Patent Law 2020, *supra* note 195, art. 23(1) (stating that any design for which patent right may be granted shall not belong to a prior design).

213. 35 U.S.C. § 171(a); Patent Law 2020, *supra* note 195, art. 23(1).

214. Cheney Bros. v. Doris Silk Corp., 35 F.2d 279, 279–82 (2d Cir. 1929).

215. *See, e.g.*, Chung, *supra* note 201 at 494; Laura C. Marshall, *Catwalk Copycats: Why Congress Should Adopt a Modified Version of the Design Piracy Prohibition Act*, 14 J. INTELL. PROP. L. 305, 313 (2007); Raustiala & Sprigman, *supra* note 17, at 1704.

emphases on the novelty issue. In the United States, although courts occasionally had different views on whether a fashion item was novel,[216] a major controversy was whether and how novelty would affect the infringement of a design patent. The Federal Circuit introduced the "point of novelty" test in *Litton Sys., Inc. v. Whirlpool Corp.* in 1984 by holding that "the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art."[217] This test has been replaced by the "ordinary observer" test after a decision by the same court in *Egyptian Goddess, Inc. v. Swisa, Inc.* in 2007.[218] Under the ordinary observer test, the plaintiff is only required to demonstrate that, when giving the product normal attention under the circumstances, an ordinary observer would be deceived by the infringing product in light of pre-existing designs.[219] This test simplifies the process for the patentee to establish a successful claim against the infringer by decoupling the determination of infringement from the novelty of the design patent, because now the comparison is based on the overall visual impact of the designs rather than isolated design features identified as points of novelty.[220] In China, the novelty issue has not advanced to the stage where it affects the determination of infringement. Novelty primarily pertains to patentability and the validity of registration, echoing early debates in the United States.[221] Chinese fashion companies sometimes undermine the novelty element of their own design patent applications by marketing the underlying products prior to patent filing. This is a common mistake because popular designs are usually fast-changing and design brands usually need to promote their products as early as possible.[222] For example, in December 2020, the CNIPA invalidated LV's design patent for its "Archlight" sneaker

216. *See, e.g.*, Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co., 260 F.2d 637, 643 (2d Cir. 1958) (Clark, J., dissenting) (arguing that due to lack of novelty, the design patent for a wrist watch in this case was invalid).

217. Litton Sys., Inc. v. Whirlpool Corp., 728 F.2d 1423, 1444 (Fed. Cir. 1984).

218. Egyptian Goddess, Inc. v. Swisa, Inc., 543 F.3d 665, 670–79 (Fed. Cir. 2008).

219. *Id.*

220. *Id.* at 678.

221. *See* text accompanying note 216.

222. *See, e.g.*, *Why You Need To Promote Your Fashion Brand in Advance*, XANDRA JANE DESIGN (Jan. 18, 2020), https://www.xandrajanedesign.com/blog/why-you-need-to-promote-your-fashion-brand-in-advance [https://perma.cc/DAR5-2SV3] [https://web.archive.org/web/20231123151239/https://www.xandrajanedesign.com/blog/why-you-need-to-promote-your-fashion-brand-in-advance]; Kati Chitrakorn, *How To Make Fashion Pre-Orders Work*, VOGUE BUS. (Aug. 30, 2021), https://www.voguebusiness.com/consumers/how-to-make-fashion-pre-orders-work-farfetch-dressx-lncc-dipetsa [https://perma.cc/73K8-JS82] [https://web.archive.org/web/20231123151351/https://www.voguebusiness.com/consumers/how-to-make-fashion-pre-orders-work-farfetch-dressx-lncc-dipetsa].

because LV's promotional materials of the product were featured on Chinese social media platforms, Tencent and Sohu, before the patent filing date.[223]

In summary, both the United States and China require novelty for obtaining design patent protection. However, courts in these countries have emphasized different aspects of novelty. Chinese courts consider novelty as a fundamental patentability issue, centering on the comparison between the subject design and prior art. In contrast, U.S. courts delve into discussions beyond patentability and consider the impact of novelty on the determination of infringement, comparing the defendant's accused infringing product, the plaintiff's design, and the prior art. This difference reflects distinct approaches to the determination of design patent infringement.

2. Non-obviousness

Non-obviousness is the most challenging patentability requirement for fashion companies applying for design patents because each seasonal trend is typically an evolution of the previous ones and changes such as sleeves with a different cut or different necklines are frequently considered "trivial." [224] Therefore, some commentators view the non-obviousness requirement as almost impossible for fashion designers to meet, as they would have to create a completely new type of clothing to demonstrate non-obviousness.[225] That said, practice shows that design patent rights still exist in various fashion items, including shoes, handbags, belts, and eyeglass frames.[226]

A key difference between the United States and China in terms of non-obviousness is that, in the United States, the starting point for determining non-obviousness is the perspective of someone skilled in the relevant art,[227] whereas in China, it is the average consumer's level of attention.[228] In an invalidation case brought by a third party against

223. Wuxiao Xuangao Qingqiu Shencha Juedingshu Di 47305 Hao (无效宣告请求审查决定书第 47305 号) [Decision No. 47305 on the Examination of Invalidation Application], TRADEMARK OFF. OF CHINA NAT'L INTELL. PROP. ADMIN. (China Nat'l Intell. Prop. Admin. 2020) (China).

224. *See* Susan Scafidi, *Intellectual Property and Fashion Design*, *in* 1 INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE 115, 122 (Peter K. Yu ed. 2007); M. C. Miller, *Copyrighting the "Useful Art" of Couture: Expanding Intellectual Property Protection for Fashion Designs*, 55 WM. & MARY L. REV. 1617, 1627 (2014); Nikki Rigl, *A Passion for Fashion: The International Trade Commission Should "Step Up" Its Role in the Enforcement of Design Patents*, 23 U. MIAMI INT'L & COMPAR. L. REV. 801, 816–17 (2016).

225. Kari Heyison, *If It's Not Ripped, Why Sew It? An Analysis of Why Enhanced Intellectual Property Protection for Fashion Design Is in Poor Taste*, 28 TOURO L. REV. 255, 260 (2012).

226. Ferrill & Tanhehco, *supra* note 36, at 277–78.

227. *See* Graham v. John Deere Co., 383 U.S. 1, 15 (1966); Ellis, *supra* note 207, at 179.

228. *See, e.g.*, Zuigao Renmin Fayuan Guanyu Shenli Qinfa Zhuanli Quan Jiufen Anjian Yingyong Falv Ruogan Wenti De Jieshi (最高人民法院关于审理侵犯专利权纠纷案件应用法律若干问题的解释) [Interpretation of the Supreme People's Court on Questions Regarding the Application of Law in Examining

a patent over a zipper design, the CNIPA invalidated the design patent on the basis that the design failed the non-obviousness requirement because the slight variance between the design and other products in the market was not easy for an average consumer to notice.[229] The designer's appeal to the Beijing Intellectual Property Court[230] and the later petition to the SPC were both unsuccessful.[231]

The identity of the observer from whom the obviousness is to be evaluated has a direct impact on the patentability threshold. Notably, U.S. courts have identified the "one of ordinary skill in the art" as a designer of the type of article at issue.[232] By contrast, the Chinese SPC elaborated in a 2020 case that an "average consumer" in the obviousness test should not be construed as the general public but rather a specified group of purchasers or users of a given product.[233] Such consumers would be expected to have some general knowledge of the prior art in the relevant field and be able to tell the overall differences—but not the small variances—between different designs' shapes, patterns, or colors.[234] The court pointed out that, in this case, the "average consumer" included not only end users but also operators and buyers in the supply chain because end users rarely sourced the wood product directly; more frequently, the distributors were the ones doing so. This line of reasoning has played a significant role in the court's decision to overturn the lower court's ruling, which had deemed the design features in question non-obvious to an "average consumer." The lower court's definition excluded those upstream or downstream players in the supply chain, suggesting that the progress of the subject design might go unnoticed by end consumers.[235] These cases suggest that altering the presumed observer from the general public to an "average consumer" raises the threshold of required non-obviousness (and

Patent Infringement Cases] art. 10 (China) (promulgated by the Sup. People's Ct., Dec. 28, 2009, effective Jan. 1, 2010) (stipulating that when determining the similarity of two designs, the court should take into account an average consumer's level of attention, analogous to the comparison between a new design and the pre-existing designs in the market).

229. Wuxiao Xuangao Qingqiu Shencha Jueding Shu Di 24208 Hao (无效宣告请求审查决定书第 24208 号) [Decision No. 24208 on the Examination of Invalidation Application], TRADEMARK OFF. OF CHINA NAT'L INTELL. PROP. ADMIN. (China Nat'l Intell. Prop. Admin. 2014) (China).

230. YKK Zhushi Huishe Su Guojia Zhishi Chanquan Ju Zhuanli Fushen Weiyuan Hui (YKK 株式会社诉国家知识产权局专利复审委员会) [YKK Corp. v. Patent Reexamination Board of the China National Intell. Prop. Admin.], CHINA JUDGMENTS ONLINE (Beijing Intell. Prop. Ct. 2015) (China).

231. YKK Zhushi Huishe Su Guojia Zhishi Chanquan Ju Zhuanli Fushen Weiyuan Hui (YKK 株式会社诉国家知识产权局专利复审委员会) [YKK Corp. v. Patent Reexamination Bd. of the China Nat'l Intellectual Prop. Admin.], CHINA JUDGMENTS ONLINE (Sup. People's Ct. 2016) (China).

232. *See, e.g.*, In re Nalbandian, 661 F.2d 1214, 1216 (C.C.P.A. 1981); In re Carter, 673 F.2d 1378 (C.C.P.A. 1982).

233. Yao Xizhi, Guojia Zhishi Chanquan Ju Su Shantou Bangling Musu Youxian Gongsi (姚喜智, 国家知识产权局诉汕头邦领木塑有限公司) [Yao Xizhi, China Intellectual Prop. Admin. v. Shantou Bangling Wood Carving Co.] (Sup. People's Ct. 2020) (China).

234. *Id.*

235. *Id.*

consequently, patentability) standards. This is because the average consumer typically exhibits a higher degree of attention. In the United States, where designers in the relevant field are identified as the appropriate observer, who is presumed to possess an even higher degree of knowledge and attention, the bar for non-obviousness is higher than that in China.

D. UNFAIR COMPETITION

1. Unfair Competition in the United States

Unfair competition law in the United States presents some complexity, as it never evolved into an independent body of law. However, in nearly all trademark litigation, a supplementary unfair competition claim—either under federal or state law—is commonly included alongside trademark infringement claims. [236] The intricate relationship between unfair competition and trademark law has given rise to diverse interpretations. Some argue that trademark is a subset emerging from the broader area of unfair competition law,[237] while others hold the opposite view.[238] Nevertheless, it is less disputed that unfair competition protection is incorporated into the Lanham Act of 1946, the primary legislation for trademark law in the United States.[239] Therefore, trademark and unfair protection issues are usually discussed together.

Prior to the enactment of the Lanham Act, trademarks provided limited protection, with most trade dress marks today excluded from coverage. [240] Following the implementation of the Lanham Act and the *Two Pesos* Court's acceptance of trade dress marks,[241] both trademarks and trade dress are now protected under Section 43(a) of the Lanham Act. The primary objective of this provision is to address both consumer protection and unfair competition.[242] Trade dress has evolved into a recognized subset

236. Christine Haight Farley, *The Lost Unfair Competition Law*, 110 TRADEMARK REP. 739, 743 (2020).

237. *See, e.g.*, John M. Fietkiewicz, *Section 14 of the Lanham Act—FTC Authority To Challenge Generic Trademarks*, 48 FORDHAM L. REV. 437, 440 (1980) ("Trademark protection evolved from the common law of unfair competition.").

238. Farley, *supra* note 236, at 745 ("Unfair competition was developed as a gap filler for trademark law.").

239. *Id.* at 776 ("Today, we accept that unfair competition protection is provided in Section 43(a) of the Lanham Act.").

240. *Id.* at 747 ("The subject matter of trademarks was narrowly construed; only a limited range within the broad range of indicia of source could qualify as a trademark. Most of what is today referred to as 'trade dress' was excluded.").

241. *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).

242. Michele A. Shpetner, Note, *Determining a Proper Test for Inherent Distinctiveness in Trade Dress*, 8 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 947, 950 (1998) ("The Lanham Act's underlying purpose is to protect both consumers and competitors from fraud and a variety of misrepresentations of products and service.").

of trademark.[243] As a result, many trademark doctrines, including distinctiveness and non-functionality requirements, are also applicable to trade dress.[244] As discussed earlier, fashion designs in the United States have the potential to be protected as trade dress, exemplified by notable cases such as the Hermès Birkin bag and the Louboutin red-sole shoe.[245]

2. Unfair Competition in China

In contrast to the United States, China addresses unfair competition through a distinct legislation.[246] Moreover, the AUCL contains an article which provides a protection very similar to the "product packaging" branch of trade dress protection in the United States.[247] Specifically, Article 6.1 of the AUCL prohibits business operators from using, without authorization, product names, packages, decorations, and other identical or similar symbols with certain influence in a way that would mislead the public to associate the operators' product with other products in the market.[248] This article has provided fashion companies with another option to protect their designs or design elements. A signature example is how VCA used this article to protect its abovementioned four-leaf clover jewelry design against Shanghai Aijing Jewelry Co., Ltd., the company that brought the invalidation action against VCA's 3D trademark.[249] After VCA's 3D trademark was declared invalid by the CNIPA, the Beijing Chaoyang District Court accepted VCA's claims based on the AUCL, granting VCA damages of RMB 1.5 million (around USD 215,000).[250]

243. *Id.* at 950 ("Trade dress falls within the scope of the Lanham Act, the primary federal legislation protecting trademarks."); Ronald J. Horta, Note, *Without Secondary Meaning, Do Product Design Trade Dress Protections Function as Infinite Patents?*, 27 SUFFOLK U. L. REV. 113, 114 (1993) ("Trade dress is a subset of trademark law as both trade dress and trademark law indicate the source of a product and both emanate from Section 43(a) of the Lanham Act.").

244. Horta, *supra* note 243, at 114–15 ("An understanding of trademark principles, therefore, is fundamental to comprehending the purpose of trade dress protections."); Steven Schortgen, *"Dressing" Up Software Interface Protection: The Application of Two Pesos To "Look and Feel,"* 80 CORNELL L. REV. 158, 162 (1994) ("Because both trade dress and trademark protection find their origin in the same common-law torts, and because the Lanham Act concerns unfair competition generally, few legally substantive distinctions exist between the law of trademark and the law of trade dress.").

245. *See* texts accompanying *supra* notes 108 and 168.

246. Fan Buzhengdang Jingzheng Fa (反不正当竞争法) [Anti-Unfair Competition Law] (promulgated by the Standing Comm. Nat'l People's Cong., Apr. 23, 2019, effective Apr. 23, 2019) (China) [hereinafter Anti-Unfair Competition Law 2019]; *see also* PETER GANEA, DANNY FRIEDMANN, JYH-AN LEE & DOUGLAS CLARK, INTELLECTUAL PROPERTY LAW IN CHINA 403–05 (2d ed. 2021) (explaining the legislative purpose of the Anti-Unfair Competition Law).

247. Anti-Unfair Competition Law, *supra* note 246, art. 6.1.

248. *Id.*

249. VCA v. Shanghai Aijing, *supra* note 137.

250. *Id.*

The court reasoned that, first, although a "decoration" in the AUCL requires the separability of functional and aesthetic aspects, the nature and features of the jewelry indicated that its whole piece had no function other than being ornamental.[251] As such, the whole piece of jewelry was a decoration.[252] Second, the four-leaf clover pattern was uniquely developed by VCA and was not a generic jewelry design.[253] No other firm had used similar designs before VCA did, and any subsequent use could not directly deprive the design of its distinctiveness.[254] Third, VCA adduced evidence to prove that the relevant public would associate the decoration with the brand, establishing the jewelry as a "decoration with certain influence" as required by the AUCL.[255]

VCA's successful litigation strategy based on the AUCL has provided important inspiration for VCA and other fashion companies. In addition to protection under the traditional copyright, trademark, and design patent approaches, designs now have the potential to be protected as a "decoration with certain influence" in China. Subsequently, VCA embarked on more anti-piracy projects in China based on unfair competition claims.[256] Louboutin also brought a civil lawsuit against a knockoff designer of similar red-sole heels in China under the AUCL,[257] although its trademark rights to the red sole are still uncertain. In 2022, the Guangzhou Internet Court even applied the AUCL provision to a batch of pirated garment designs,[258] finding the imitator liable for its knockoff products, in addition to copyright infringement.[259] Chanel also successfully protected the shape of its signature No.5 fragrance bottle under

251. Compare this with the aesthetic functionality doctrine in the United States. *See, e.g.*, Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206 (2d Cir. 2012) (citing Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952)); Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995); Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1006 (2d Cir. 1995).

252. VCA v. Shanghai Aijing, *supra* note 137.

253. *Id.*

254. *Id.*

255. *Id.*

256. *See, e.g.*, Fanke Yabao Youxian Gongsi Su Yiwu Zhuiyi Shipin Youxian Gongsi (梵克雅宝有限公司诉义乌市缀宜饰品有限公司) [Van Cleef & Arpels S.A. v. Yiwu Zhuiyi Accessories Co.], CHINA JUDGMENTS ONLINE (Zhejiang Jinhua Interm. People's Ct. 2021) (China).

257. Kelisiti Lubutuo Jianyi Gufen Youxian Gongsi Deng Su Guangdong Wanlima Shiye Gufen Youxian Gongsi Deng (克里斯提·鲁布托简易股份有限公司等诉广东万里马实业股份有限公司等) [Christian Louboutin Ltd. V. Guangdong Wanlima Indus. Co.], CHINA JUDGMENTS ONLINE (Beijing Intell. Prop. Ct. 2022) (China). The case is pending appeal at Beijing Higher People's Court.

258. Since garment designs do not fall into the enumerated items in the preceding paragraphs, the court applied Article 6(4), which is a general catch-all item. *See* Anti-Unfair Competition Law 2019, *supra* note 246 ("A business shall not commit the following acts of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person: . . . (4) Other acts of confusion sufficient to mislead a person into believing that a commodity is one of another person or has a particular connection with another person.").

259. Guangzhou Aibo Fushi Youxian Gongsi Su Hangzhou Laizhe Fushi Youxian Gongsi (广州爱帛服饰有限公司诉杭州莱哲服饰有限公司) [Guangzhou EPO Clothing Co. v. Hangzhou Laizhe Clothing Co.], CHINA JUDGMENTS ONLINE (Guangzhou Internet Ct. 2022) (China).

this title against a perfume brand in China.[260] This series of cases revealed a huge potential for fashion companies in China to use the AUCL to protect their designs. Compared with trademark and design patent infringement claims, a claim made under the AUCL has the advantage of not requiring prior right acquisition.

3. Comparison of the Chinese and U.S. Systems

The United States and China conceptualize the relationship between trademark, trade dress, and unfair competition differently. In the United States, unfair competition law is dispersed, revolving around trademark to address gaps arising from the limited scope of trademark law.[261] Additionally, trade dress is considered a subset of trademark and is further divided into "product shapes" and "product packaging" by the *Wal-Mart* court.[262] Notably, for product packaging, acquiring secondary meaning is not always necessary because it could be inherently distinctive in certain circumstances.[263] In contrast, in China, unfair competition and trademark are legislatively distinct, with product shapes protected under the Trademark Law (as 3D trademarks) and product packaging falling under the jurisdiction of the AUCL.[264] However, the AUCL still borrows trademark concepts to define protectable product packaging. First, product packaging needs to be distinctive.[265] The SPC has provided several examples regarding indistinctive product packaging, but it also held that such packaging can still be protected if its acquired distinctiveness could be proven by evidence of extensive use, except when the design of the packaging is functional.[266] From this perspective, the two countries' approach toward product packaging are largely consistent, as both the U.S. Supreme Court and the Chinese SPC reject the trademark registrability of functional aspects of a packaging, and neither of them has presumed a product packaging to be inherently indistinctive.

Second, the SPC holds the view that the term "certain influence" in the AUCL means that the product packaging should enjoy certain market recognition and have a source-

260. Xiangnaier Gufen Youxian Gongsi Su Yiwu Shi Aizhiyu Huazhuangpin Youxian Gongsi (香奈儿股份有限公司诉义乌市爱之语化妆品有限公司) [Chanel, Inc. v. Yiwu Story of Love Co.], CHINA JUDGMENTS ONLINE (Shaanxi High People's Ct. 2021) (China).

261. Farley, *supra* note 236, at 742.

262. *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 212–13, 216 (2000).

263. *See id.*

264. Anti-Unfair Competition Law 2019, *supra* note 246, art. 6.1.

265. Zuigao Renmin Fayuan Guanyu Shiyong <Zhonghua Renmin Gonghe Guo Fan Buzhengdang Jingzheng Fa> Ruogan Wenti De Jieshi (最高人民法院关于适用〈中华人民共和国反不正当竞争法〉若干问题的解释) [Interpretation of the Sup. People's Ct. on Some Issues Regarding the Application of the Anti-Unfair Competition Law of the People's Republic of China] art. 4, SUP. PEOPLE'S CT. GAZ., Mar. 16, 2022 (China) (promulgated by the Sup. People's Ct., Jan. 29, 2022, effective Mar. 20, 2022).

266. *Id.* art. 5.

identifying function.[267] This also aligns with the Lanham Act's approach, as it protects both trademarks and trade dress as long as the source-identifying function is present.[268] However, there are still some unresolved issues with respect to that definition. Notably, the same term has also appeared in the Chinese Trademark Law. Article 32 of the Trademark Law prohibits the squatting of others' prior marks with "certain influence."[269] Article 59.3 of the Trademark Law shields unregistered prior trademarks with "certain influence" against an infringement claim brought by a subsequent registrant of a similar mark.[270] Some scholars argue that the term in the AUCL should have the same meaning as it has in the Trademark Law.[271] Nevertheless, as we have argued in another article, the use of the same term within the Trademark Law has caused chaos because they contain different meanings. Although both Articles 32 and 59.3 employ the term "certain influence," its use in these two articles entail very different thresholds concerning the required degree of market recognition. This differentiated threshold aligns with the varied degree of protection provided by the two articles.[272] Put differently, Article 32 demands a notably higher degree of market recognition than Article 59.3 because it provides much more rigorous protection than the latter.[273]

Some have nevertheless argued that the bar for "certain influence" in the AUCL should be set higher than the bars in both Articles 32 and 59.3, requiring the kind of market reputation of a "well-known" trademark.[274] This argument is defeated by the different results for VCA's trademark and unfair competition claims. Although the "Alhambra" 3D trademark application was rejected because it did not meet the acquired distinctiveness test, it was nevertheless recognized as a "decoration with certain influence" under the AUCL.[275] This suggests that a symbol failing to meet the criteria for trademark protection may still be protected under the AUCL. Consequently, it can be inferred that the threshold for "acquired distinctiveness" in the Trademark Law is

267. *Id.*

268. Horta, *supra* note 243, at 132–33 ("The definition of trade dress now includes product features that indicate source to the consumer. Trade dress law mirrors trademark law in the purposes it serves and in the protections available.").

269. Trademark Law 2019, *supra* note 25, art. 32.

270. *Id.* art. 59.3.

271. *See* Taiping Wang (王太平) & Zhenzong Yuan (袁振宗), *反不正当竞争法的商业标识保护制度之评析* [*An Analysis Of Commercial Symbol Protection Under the Anti-Unfair Competition Law*], 5 知识产权 [INTELL. PROP.] 3, 12 (2018).

272. *See* Jyh-An Lee & Jingwen Liu, *Prior-Use Defence in the Chinese Trade Mark Law*, 42 EUROPEAN INTELL. PROP. REV. 751 (2020).

273. *Id.* at 759.

274. *See* Lingling Zhang (张玲玲), *"有一定影响"在《反不正当竞争法》与《商标法》中的理解与判断* [*The Understanding and Determination of "Certain Influence" in the <Anti-Unfair Competition Law> and in <Trademark Law>*], 中国知识产权 [CHINA INTELL. PROP.] 18 (2018).

275. *Compare* VCA v. CNIPA, *supra* note 88, *with* VCA v. Shanghai Aijing, *supra* note 137.

higher than that for "certain influence" under the AUCL. Meanwhile, it is acknowledged that the "well-known" status establishes an even higher, and likely the highest, threshold compared to "acquired distinctiveness," because this status aims to create an exception to the registration-based system by protecting unregistered well-known trademarks.[276] Therefore, while the exact meaning of "certain influence" remains unclear as a prerequisite for product packaging or decoration protection, it is certain that it does not entail an evidential threshold as high as that of a well-known trademark.

Therefore, it is clear that, despite being legislatively separate, trademark and certain unfair competition concepts in China are intricately connected, resulting in confusion similar to that in the United States regarding the relationship between the two. This connection arises from the shared objectives of these branches of law.[277]

Recognizing the complexities inherent in the relationship between the AUCL and the Trademark Law articles, we propose a tiered system of requisite market recognition, aiming to not only tighten up the doctrine but also assist brand owners in navigating the intricate process of evidence submission. First, it is well-established that achieving the well-known status of a trademark requires the highest degree of market recognition, to the extent that the mark is widely known by Chinese consumers nationwide. Secondly, the law should explicitly state that the degree of market recognition required for an inherently indistinctive mark to acquire distinctiveness is higher than that required by the "certain influence" language in Article 6.1 of the AUCL. This principle aligns with the logical reading of the decisions in *VCA v. CNIPA* and *VCA v. Shanghai Aijing*. Thirdly, the law should clarify whether the term "certain influence" in the AUCL clause carries the same meaning as the same term used in the Trademark Law. If so, legislators should specify which threshold the AUCL clause is referencing since the term appears twice in the Trademark Law, with different thresholds in the respective articles. Taking into account prior scholarly arguments,[278] we propose that the AUCL's standard should be set no lower than the bar set by Article 32 of the Trademark Law (substantially higher than Article 59.3), but not exceeding the degree required to acquire distinctiveness. Unfortunately, however, the law in its current form does not properly reflect these varied thresholds. Should this problem be solved, the AUCL could become the primary battlefield for designers seeking to enforce their rights against knockoffs in China.

276. *See* Trademark Law 2019, *supra* note 25, art. 13.

277. Both trademark law and unfair competition law share the objectives of protecting consumers against fraud and businesses from unfair competition conducts. *See* 15 U.S.C § 1127; Trademark Law 2019, *supra* note 25, art. 1; Anti-Unfair Competition Law 2019, *supra* note 246, art. 1.

278. *See, e.g.*, Wang & Yuan, *supra* note 271; Zhang, *supra* note 274.

III. CONCLUSION

Despite the fashion industry's growing importance to the global economy, leading fashion companies have been struggling to protect their designs against cheap knockoffs via existing IP regimes in both the United States and China, the two largest markets for the consumption of fashion products. These efforts have been largely in vain because none of the existing IP laws are specifically designed for this fast-changing industry. In both the United States and China, the designs in numerous fashion products fail the separability test in copyright law, distinctiveness requirement in trademark law, and non-obviousness requirement in patent law.

Design brands have encountered different challenges in these two major economies. First, the separability test in U.S. copyright law follows an established analytical framework that distinguishes useful articles from fine arts. Although China incorporates a similar concept of separability, its judiciaries have not yet developed consistent views on whether the applied arts should be treated differently from other copyrightable works. Second, the United States and China have rather different approaches to the distinctiveness requirement for non-traditional trademarks. Three-dimensional trademarks that consist of the shape or design of a product per se are presumed to be inherently indistinctive in the United States, whereas they could be inherently distinctive under certain exceptional circumstances in China. With regard to color trademarks, China adopts a more conservative approach than the United States does, as the former denies the registrability of single colors on absolute grounds, whereas the latter does not have a per se prohibition against the registration of a single color. Third, although both countries have a non-obviousness requirement for design patent protection, the starting points are very different. The United States analyzes non-obviousness in the perspective of a random designer of the same type of articles presented, whereas China consults the perspective of an average consumer of the relevant product. Since an average consumer has a lower level of knowledge and pays less attention to the design details, the bar for non-obviousness in China is likely lower than that in the United States. Finally, recent practices in China suggest that the protection for product packaging or decoration "with a certain influence" under the AUCL has huge potential to be deployed by fashion designers as a weapon against knockoffs. This provision resembles product packaging trade dress protection in the United States. Although, in its current form, the AUCL clause seems to be the most appropriate means of protection for fashion designers in China, its terms and wordings are ill-defined, and they have blurred the boundaries between the AUCL and trademark or copyright laws.

In addition, while U.S. laws are developed by precedents that provide fashion designers with more certainty, Chinese doctrines are sometimes led by industrial policies. Since the Chinese government has been determined to develop its fashion

industry, Chinese courts have increasingly strengthened their protection of fashion designs by enforcing the AUCL and broadening the scope of non-traditional trademarks. Therefore, these two major economies will continue to compete to be not only the largest fashion economy but also the best legal environment to foster fashion creativity.